Final Edition · ESTABLISHED OVER 100 YEARS · In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4188 · New York, N. Y., Thursday, June 24, 1943 · Price 60 Cents a Copy

Post-War Aviation

By A. N. KEMP

President, American Airlines, Inc.

Any prediction for post-war aviation must be made with two things in mind: the immediate post-war years when industry will be beating swords into plowshares, and the subsequent long years of peace which we hope will follow.

A. N. Kemp

Immediately following the peace, air transport service, which is now largely devoted to the prosecution of the war and is under the direction of the Air Transport Command or the Naval Air Transport Service, will be restored to peacetime ends. The result will be that enormously increased facilities for passengers and cargo will be almost immediately available.

Four-engine planes, capable of carrying fifty passengers non-stop

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In This Issue

OHIO SECURITIES section containing information and comment pertinent to dealer activities on page 2362.

Special editorial material pertaining to SAVINGS and LOAN ASSOCIATIONS on page 2371.

Monetary Stabilization

THE BRITISH AND AMERICAN PLANS

By DR. IVAN WRIGHT

Professor of Economics, Brooklyn College

Monetary stabilization and the establishment of dependable foreign exchange relationships seem to be the first steps in economic reconstruction. Entwined with these steps are of course the problems of monetary standards, a reorganization of currency, bank deposits, debt (both domestic and foreign), fiscal policy, tariff and trade relations. These, of course, include the complicated matters of comparative costs of production, the purchasing power of money, and the economic and political problems of the standard of living.

Dr. Ivan Wright

But internal and external stabilization of the currency must take place for each country before production and trade matters can be considered with confidence. Until money is stabilized and its future value a certainty all business must wait in uncertainty. Until stabilization takes place savings and investments are discouraged and international trade and financial relations must remain at the minimum for lack of confidence.

Objectives of the Two Plans

To establish an international currency of general acceptability in international settlements, and to stabilize the currencies of countries in relation to this international unit seems to be clearly the first objective. It is a debatable question whether such an international currency should be established first or whether each country should put its own monetary house in order, and then the international exchange relationships of the currencies would be a simple matter as in the relations of the past. Gold is the standard money and the measure of value of international exchange as it has been for ages. This uniformity of the currencies for most of the commercial world is old and nothing new is proposed. While Lord Keynes would make the gold value

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A Bank Of International Cooperation: A World RFC

By HON. CHARLES S. DEWEY

Member House of Representatives and of the House Ways and Means Committee

EDITOR'S NOTE—Representative Charles S. Dewey (Republican of Illinois) and member of the House Ways and Means Committee, declares that since there exist other post-war problems of greater importance it is unfortunate two such complicated and untried stabilization proposals as the Keynes and Morgenthau plans for currency stabilization should be advanced. The whole scheme, Representative Dewey believes, totals up as a means of supporting the unfavorable foreign trade of some weaker country on the favorable trade of a stronger one, inevitably pulling the stronger to the level of the weaker. As a method of rehabilitating the financial and economic strength of other countries after the war and maintaining equilibrium of their international balance, he proposes a "bank of international cooperation; a world RFC," the details of which as revealed to the "Chronicle" are given below:

A question of increasing importance is: "What part should the United States play by way of international cooperation in the post-war period?

Inscribed near the entrance of the Archives Building in Washington are the following sentences: "Study the Past"; "What is Past is Prolougue." These admonishing sentences have particular significance today if one considers what occurred after the last war. With the coming of the armistice American people were so little prepared for any further adventures abroad that the suggestions by President Wilson of a League of Nations, a World Court, and other international responsibilities of this nature, took the people completely by surprise.

Rep. Chas. S. Dewey

In the not distant future we may again be faced with the same problem. While 25 years have without doubt made the American people much more internationally minded, their reaction to taking on additional international responsibilities after victory has been attained may be the same as before. If this does not occur, it will be due to a policy, now apparently lacking, of informing the public as to the concrete ways and means we can participate in world affairs, and

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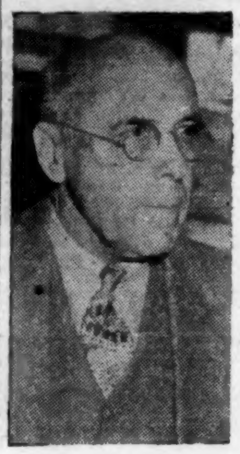
Redundant Currency vs Gold Measurements As Builders of Workable Wages

By E. S. PILLSBURY *

The best test of a currency is its ability to generate supply and demand wage rates. To price commodities also requires good money but such prices are not subject to pressure comparable to that exerted upon wage rates by organized labor.



E. S. Pillsbury

It has yet to be demonstrated that any kind of money, less rigid than a commodity, gold for example, is capable of generating and retaining supply and demand wage rates in the face of organized labor pressure.

In this article we point out that U. S. A. has inconsistent wage rates, and show why; we also show that Britain's wages are much more consistent and show how she generates them. The tabulation that follows is from a National Industrial Conference Board Bulletin of Dec. 19, 1938. It will be found further below. We have arranged the tabulation to facilitate comparison. Figure 1 is from a source we consider equally careful.

Figure 1—Building Wages

An interesting comparison between the hourly wages of building artisans in large English cities and those in New York in February of this year has been published in the April number of "Perspective," which is the house organ of Calvin Bullock of New York. The contrasts are shown in the columns of the diagram in which the shaded portions represent the

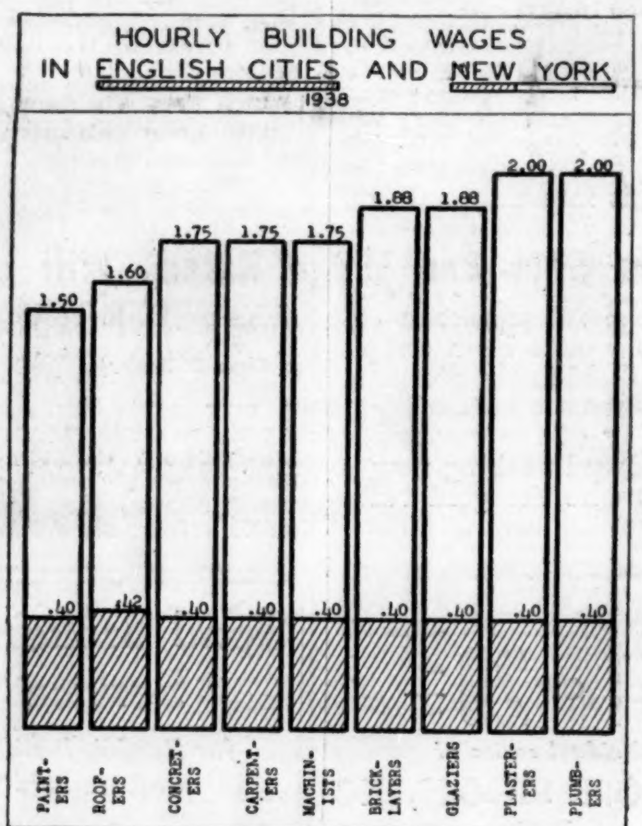


Figure 1

British hourly wages of 40 and 42 cents an hour in nine trades, while the entire columns represent the New York rates ranging

* Mr. Pillsbury is President of the Century Electric Co. of St. Louis.

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W. M. Barr Named Head Of N. Y. Municipal Club

W. Manning Barr, of Barr Brothers & Co., Inc., was elected President of the Municipal Bond Club of New York at the annual meeting held at the Bankers Club of America. David M. Wood, of Thomson, Wood & Hoffman, who has just completed his second term as head of the organization, presided at the meeting.

L. Walter Dempsey, of B. J. Van Ingen & Co., Inc., was elected Vice President; E. A. M. Cobden, of Kean, Taylor & Co., Secretary and E. Norman Peterson, of Equitable Securities Corporation, Treasurer.

Edward L. Black, of Eastman, Dillon & Co., and Orlando S. Brewer, of Phelps, Fenn & Co., were elected to the Board of Governors to serve for three years.

Josephthal Admitting Gartman And Wilson

Mortimer J. Gartman and James S. Wilson were admitted to partnership in Josephthal & Co., 120 Broadway, New York City, members of the New York Stock and Curb Exchanges, as of July 1. Both have been with the firm for some years, Mr. Gartman in charge of the trading and reorganization securities departments, and Mr. Wilson as manager of the statistical department.

McKenna & Morris Is Forming In N. Y.

James McKenna and Alfred M. Morris, both members of the New York Stock Exchange, are forming McKenna & Morris with offices at 25 Broad Street, New York City, to engage in a securities business. Both Mr. McKenna and Mr. Morris have been active recently as individual floor brokers. Prior thereto Mr. McKenna was a partner in McKenna & Finucane and Mr. Morris in Morris & Co.

Ayres To Be Partner In Granbery, Marache

Granbery, Marache & Lord, 65 Broadway, New York City, members of the New York Stock and Curb Exchanges, are admitting Warren W. Ayres to partnership in the firm on July 1. In the past Mr. Ayres was a partner in Kean, Taylor & Co.

Giseburt In Seattle

(Special to The Financial Chronicle)

SEATTLE, WASH.—Walter E. Giseburt is engaging in the securities business from offices at 1530 Queen Anne Avenue.

The COMMERCIAL and
FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, *President*
William D. Riggs, *Business Manager*
Thursday, June 24, 1943

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other Offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Posessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Green And House Now With Goodbody & Co.

William P. Green and Harold C. House have become associated with Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges. Both were formerly with Bond & Goodwin, Inc. for a number of years; in the past Mr. Green was with Lord, Abbett & Co., Inc.

Allen Broomhall With New York Hanseatic

Allen Broomhall is now in the bank and insurance stock trading department of the New York Hanseatic Corporation, 120 Broadway, New York City. Mr. Broomhall was formerly in the trading department of Clinton Gilbert & Co. Prior thereto he was with Doty, Fay & Co. and J. G. White & Co.; in the past he was head of Broomhall, Killough & Co., Inc.

OUR REPORTER'S REPORT

Except for the bonds of revenue projects which have felt the impact of gasoline rationing in the form of reduced business and consequent shrinkage of income available for interest and sinking fund charges, the municipal market has been hovering around its best levels.

A number of the choicer names in that part of the investment field have crept ahead to new all-time highs in recent weeks, while the rank and file of high-grades have recovered pretty much from the lows reached on the reaction some months ago when the Treasury Department was once more engaged in seeking to break down the tax exemption accorded such loans.

As has been the case for some time now the market has been sustained by several factors, chief among them the dearth of sizable new issues as municipalities proceed to defer improvements and betterments until after the war is ended, due to the shortage of manpower and likewise of critical materials.

Meanwhile the disposition on the part of some leading cities, such as New York, to scout around for new sources of revenue has had a bolstering effect.

And although the obligations of revenue projects such as Port of New York Authority and Triborough Bridge Authority are still substantially away from their best levels, they too have enjoyed a considerable rebound from the extreme lows.

More Assents Needed

Under the stress of wartime conditions which have drastically curtailed automobile use, Triborough Bridge Authority is seeking the consent of holders of its $98,500,000 of bonds to a plan which would permit it to make use of certain funds, now treated as reserves, to avert possible default on the August 1 coupon.

The Authority recently disclosed that holders of $58,200,000 of its obligations have as-

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How To Save The United States From National Bankruptcy

Current Trends In Fiscal And Monetary Affairs

WALTER E. SPAHR
Professor of Economics, New York University
Executive Secretary, Economists' National Committee on Monetary Policy

The United States is "traveling the road to national bankruptcy at an ever increasing speed" and regardless of whether it escapes such a catastrophe, the nation will be confronted with an "appalling fiscal situation" at the war-end due to the gigantic Federal debt that will have accumulated. These views were expressed by Dr. Walter E. Spahr, Professor of Economics, New York University, and Executive Secretary, Economists' National Committee on Monetary Policy, in an address delivered recently before the Commonwealth Club, at the Cincinnati Country Club.

Dr. Walter E. Spahr

Doctor Spahr stated that in his judgment it will be necessary to fund the ultimate national debt "into a perpetual one at the lowest feasible rate of interest," if we are to avoid the dangerous alternatives involved in a program of repudiation, a device which he characterized as the "worst possible solution." Admitting that no "thoughtful person" could suggest the maintenance of a perpetual debt as the best solution to the problem "without feelings of reluctance and deep regret," Doctor Spahr stated, however, that the realities call for the adoption of the least dangerous of possible solutions. The alternatives, he added, which would be repudiation in some form or other, are infinitely worse and must be avoided.

He also urged that Congress take the necessary steps to annul the powers still enjoyed by the administrative authorities to depreciate the national currency, pointing out that the existence of such authority represents a perennial threat to the "past savings of our people" and of the bonds which they are now purchasing "with great patriotism" in order to help win the war.

(Continued on page 2372)

Rate Cuts And Wage Raises Will Leave Rail Interest Coverage Substantial

The recent rescinding of railroad rate increases plus the prospectitve increases in wages, result in apparently very large figures to be deducted from railroad income. But actually there are mitigating factors, so that coverage of interest on railroad bonds should remain generally large. Further, factors other than rates and wages, and which were known and operative before the rate cuts and wage increases, are often the major determinants of earnings.

Rate Cuts and Wage Increases

The rescinding of the rate cuts is effective for about 7½ months this year, and for this period the cost to the railroads out of gross revenues is estimated at about $185 millions. (It would be about $300 millions annually). But, assuming excess profits and normal and surtax to average 55%, the net cost would only be about $83 millions.

The wage raises for the non-operating employees recommended by the emergency board are larger than expected, and come to approximately $200 millions annually. They are retroactive to Feb. 1, 1943, with back payments to be made in war bonds. They have not yet been definitely put into effect. Applying the 55% tax figure, the net annual cost to the railroads would be about $90 millions.

Meanwhile, at a press conference on Friday, June 4, President Roosevelt indicated that he favored placing the railroad non-operating employees on an overtime basis after 40 hours, as in

(Continued on page 2363)

Tomorrow's Markets Walter Whyte Says—

Continual Congressional sniping; race riots affect long-term market outlook. Near-term slightly bullish. But no definite signal of trend change has appeared.

By WALTER WHYTE

A few weeks ago I wrote that while we were winning the war on the battlefronts all over the globe we were gradually losing it here at home. Since Pearl Harbor a great deal has been said, written and done about the morale of our armed services. But almost nothing has been done about the morale of the civilian population. On the contrary, what has been done seems at times to have been calculated to drive the average businessman wild with distraction.

* * *

I am aware that the primary function of this column is the stock market. But no analysis of price movements can shrug off the conditions which prevail today in this country. Now what about the market in all this mess?

* * *

Last Thursday the Dow industrials were down to 139.49. The following Tuesday they

(Continued on page 2376)

Wylie & Bennett Are J. M. Dain V.-Ps.

MINNEAPOLIS, MINN.—J. M. Dain & Company, Rand Tower, announce that Harold H. Wylie has become associated with them as Vice-President and Charles R. Bennett has been elected a Vice-President of their firm. Mr. Bennett became connected with the firm some months ago; both he and Mr. Wylie in the past were with Wells-Dickey Company.

Twin City Traders Club To Hold Golf Tourney

MINNEAPOLIS, Minn. — The Twin City Bond Traders, Incorporated will hold their annual golf tournament on July 15th at the Midland Hills Country Club. This year all Twin City dealers will be invited and also old members who have left the business.

Kellett Aircraft Offers Interesting Situation

The situation in Kellett Autogiro Corp., pioneer manufacturer of rotary-wing aircraft, offers attractive possibilities at the present time, according to an interesting circular issued by R. F. Gladwin & Co., 115 Broadway, New York City. Copies of this circular may be had from R. F. Gladwin & Co. upon request.

Situations Look Good

The current situation in Petrolite Corporation, Ltd., common (there is no preferred stock or bonds) and Pittsburgh Terminal Warehouse and Transfer first 5s of 1936 offer attractive possibilities for income and appreciation, according to memoranda just issued by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

Real Estate Securities

OPEN MARKET SALES OF MANHATTAN REAL ESTATE INCREASE

We believe the following quote from the Members' News Bulletin issued monthly by the Real Estate Board of New York, Inc., is significant in that it shows the increased activity in the real estate field.

Sales

Open-market sales of Manhattan real estate leaped to totals during April which showed new post-depression high levels, both as to number of deals and dollar volume of trading, for any one month. That the new surge of activity was effected without any new sacrifice of values is indicated by the percentage of assessed valuations realized by vendors, which averaged 63.2 in April as against 55.1 in March and 61.5 for the year to date.

The total number of sales in the first four months of the year reached a point higher than for any similar period in any year covered by Real Estate Board statistics, and the dollar volume of trading higher than any except that of 1937.

The tables at the end of this article show sales activity in April and in the first four months of the year, as gauged by number of transactions, total dollar volume of trading and percentage of assessed valuations realized by sellers, compared with that of the same periods in the five preceding years.

In March 268 open-market sales were made for prices totalling $14,464,525 and equalling 55.1% of the assessed valuations of the properties sold. During February 196 Manhattan properties changed hands in the open market for prices that aggregated $14,929,438 and averaged 68.4% of assessments.

As in March, the great bulk of April selling was effected by private traders, who disposed of 223 Manhattan pieces for an aggregate of $11,522,070, which prices averaged 65.2% of the assessed valuations. Private sales brought an average of $51,700 each.

Lending institutions divested themselves of 94 Manhattan properties during the fourth month for considerations totalling $7,583,000 and equalling 60.5% of the assessed valuations. Sales by the institutions averaged $80,700 each.

SALES APRIL	No. of Sales	Total Considerations	Proportion Total Considerations To Total Assessed Valuations
1938	186	$10,620,558	82.5%
1939	244	10,482,755	76.7
1940	218	7,844,584	75.8
1941	219	12,157,925	67.7
1942	220	15,776,158	68.1
1943	317	19,105,070	63.2
First 4 Months			
1938	678	$30,886,093	79.2%
1939	847	36,377,860	79.0
1940	886	40,253,811	77.7
1941	835	51,494,005	61.3
1942	804	50,014,424	65.6
1943	934	55,975,990	61.5

J. B. Miller Will Be Goodbody Co. Partner

J. Bernard Miller becomes a partner in Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, as of July 1. In the past Mr. Miller was an officer of the Broad Street Sales Corporation.

Situation Of Interest

Western Pacific old and new securities offer an interesting situation, according to a circular now being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be obtained upon request from the firm.

Norris & Kenly To Admit E. A. Doern

CHICAGO, Ill.—E. Arthur Doern will be admitted to partnership in Norris & Kenly, 209 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Doern has been with the firm for many years as office manager.

"St. Paul's" vs. "MOPS"

A most interesting comparative study of the relative merits of "St. Paul's" and "MOPS" has been compiled by W. Wendell Reuss, partner in McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of the study, giving the author's reasons for his present preference for "MOP" securities may be had upon request from McLaughlin, Baird & Reuss.

STANY To Hold Buffet Supper On June 25th

A Buffet Supper will be given by the Securities Traders Association of New York, Inc. on June 25th, for members only and at no charge to them. The supper will be held at 6 p.m. at the Produce Exchange Luncheon Club, New York City.

Situations Of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

Savings-Loan Units Should Encourage Repaying Old Debts And Growth Of New Savings, Says Bell

Savings and loan associations can make a vital contribution to the war on the home front—the battle against inflation—by encouraging the repayment of old debts and the growth of new savings, Elliott V. Bell, New York State Superintendent of Banks, said on June 17 in an address before the 56th annual convention of the New York State League of Savings and Loan Associations at Saranac Inn, N. Y.

The policies which the savings and loan associations can adopt to help in controlling the inflationary forces, said Mr. Bell, include the encouraging of mortgagors to anticipate repayment of principal, the persuading of mortgagors to recast the obsolete straight mortgage and sinking fund mortgage into direct reduction mortgages and the bringing to the people of "the important message that now is the time to lay aside money that cannot usefully be spent against the time when new houses will once more become available."

Elliott V. Bell

Mr. Bell said that the increased savings that will flow into savings and loan associations must now be placed largely in government bonds. For many associations, he said, that will mean a reduced average rate of earnings, pointing toward the necessity of lower dividend rates.

"It seems to me," he said, "that we should not be afraid of that prospect. The universal trend is still toward continued low interest rates and I see no reason to anticipate any major reversal after the war. We shall have a national debt of possibly $300,000,000,000 or more. Under those circumstances it will inevitably continue to be a matter of national policy to maintain low interest rates. Any other course would mean a calamitous fall in government bond prices. The only question at issue is whether the government and the Federal Reserve System have it within their

(Continued on page 2375)

Quick Freezing

If all fruits, melons and berries could be allowed to ripen and acquire the full richness of their natural flavor before being picked for shipping, it would be an outstanding improvement. This seems to be entirely feasible through quick freezing and the war has brought better recognition of its possibilities. It is not too much to expect that United Fruit may apply this method to its tropical business, for there should be little difficulty in transforming ships' holds into refrigerators. The same procedure should be applicable to the refrigerator cars of the Pacific Fruit Express, jointly owned by Southern Pacific and Union Pacific. The savings from spoilage would appear to be an important factor, to say nothing of better taste. It goes for the products of the South and the melons and fruits of the Middle West. Presumably among the greatest beneficiaries would be General Foods with its Birdseye process, and Stokely Brothers has a somewhat similar system; however there can be little doubt that other processes will be developed, if they are not already in practical use. Assuredly the research departments of the great chemical companies have not overlooked the possibilities of this addition to better living standards and higher profits.—*From Financial Survey of Peter P. McDermott & Co.*

N. Y. Analysts To Meet

The general meeting of the New York Society of Security Analysts, Inc., at which Robert H. O'Brien of the Securities and Exchange Commission was scheduled to speak, has been postponed to July 7th.

At the meeting of the Society to be held on June 28th, H. K. Halligan, Vice-President of the General Gas & Electric Company will speak.

Railroad Securities

It is generally expected that interests fighting the Chicago & North Western reorganization have now exhausted their legal resources in trying to have the plan upset. Consummation of the plan as it has been set up may now apparently be taken for granted. It is believed that the various "when-issued" securities will shortly be admitted to trading on the New York Stock Exchange, and actual issuance of the new securities is looked for some time towards the close of the year. Theoretically it should be feasible to issue these new securities by the fall of 1943 but most rail men, keeping in mind mechanical delays incident to other reorganizations, are placing the date as more likely to be some time in December. The pressure for issuance naturally gets heavier as the year-end approaches and investors, particularly institutional, are anxious to clear up their books.

Final refusal to reopen the reorganization case, and consequent greater assurance that the actual securities will be available within a reasonable time, had a highly salutory effect on the old North Western bonds last week. For one thing there was the inevitable narrowing of the arbitrage spread between the old and equivalent new securities, and this spread will further narrow to the vanishing point as the date of issuance comes closer. Secondly, many speculators and investors who had been loath to tie themselves up in when-issued contracts for an indefinite, and perhaps interminable, period have now become buyers of the new securities. Finally, at least the new junior securities have far more speculative appeal when buyers can have confidence of receiving delivery while the boom in rail earnings is still going on. There are definite dividend prospects which are lacking when there is a chance that delivery of the stocks may be delayed until we have entered a post-war readjustment period.

Despite their recent sharp rise in the face of a generally desultory to weak rail market, many rail analysts are still impressed with the speculative potentialities of the North Western Income 4½s, 1999 selling, "when issued" and ex the 1942 interest accrual, in the middle 40s. As a fundamental consideration, it is being pointed out that the North Western reorganization is a drastic one with a thoroughly, if not overly, realistic appraisal of the potentialities of the system and service area. Consistent coverage, and payment, of the contingent interest seems well assured under all but the most severe depression conditions, particularly in the light of the vast improvement in operating efficiency of the road in recent years brought about by heavy rehabilitation work. With no other consideration the bonds would appear attractive when available around a 10% return basis.

There is, however, one very important other consideration affecting the bonds and that is the rapid accumulation of cash. It is expected that cash items will be increased to roundly $100,000,000 by the end of this year, the time when consummation of the reorganization is expected. This will be equivalent to more than 50% of the total face value of the new company's non-equipment debt, including divisionals, 1st Mortgage bonds and the Income 4½s. Payment of back dividends, other reorganization expenses, and an adequate reserve for working capital purposes will absorb less than $50,000,000, leaving some $50,000,000 free for general corporate purposes.

It is generally expected that at least the bulk of the excess cash will be diverted to retirement of debt below the conservative level already fixed by the I.C.C. in the reorganization. If it were all utilized for the purchase and retirement of fixed debt the bonds outstanding ahead of the Income 4½s would be reduced by more than one half. This would materially improve the long term investment standing of the Incomes. Actually, it is expected that a considerable portion of any debt retirement will be in the Income issue itself. Indicated free cash by the 1943 year-end would be sufficient to retire the entire Income bond issue ($105,000,000) at present prices. With this background it is certainly not difficult to visualize materially higher prices for the Income 4½s.

Oil Ventures Corp. Registers "A" Stock

Oil Ventures Corp., 42 Broadway, New York, filed on June 19 a registration statement with the Securities and Exchange Commission covering the issuance and sale of 3,000 class A shares, without par value, which will be offered to the public at $100 a share. The shares will be distributed through a principal underwriter, Tellier & Co., 42 Broadway, New York, of which Walter F. Tellier is the sole owner.

Now Allman, Moreland

DETROIT, Mich.—The firm name of Allman, Everham & Co., Penobscot Building, members of the Detroit Stock Exchange, is now Allman, Moreland & Co.

Ohio Brevities

D. James Pritchard, Assistant Secretary of the Society for Savings Banks, has been elected President of the Cleveland Chapter of the American Institute of Banking. He succeeds Elbert Frank of the Cleveland Trust Co.

Other officers chosen were **Paul M. Minter**, manager of the mortgage loan department of **National City Bank**, First Vice-President, and **Myles P. O'Malley**, assistant branch manager of Central National Bank, Second Vice-President. **Walter Guenther** of American Savings Bank was appointed Treasurer, **Miss Irma Hafenbrak** of Cleveland Trust, Secretary, and **F. J. Blake** of the Federal Reserve Bank, Chairman of the Board of Consuls.

Pritchard has been a member of the AIB and associated with the Society for Savings for 13 years. He is a graduate of the Graduate School of Banking at Rutgers University.

Lien Elected Treasurer

Rodney Prior Lien, Vice-President - Comptroller of Cleveland Trust, has been elected Treasurer of the Ohio Bankers Association. He was named at a one-day meeting of the group in Columbus, O., attended by more than 500 Ohio bankers. Lien was Superintendent of Banks for the State of Ohio before joining Cleveland Trust about two years ago.

Bankers Go to School

Eight Cleveland bankers are at Rutgers University attending the Graduate School of Banking which will be in session from June 14 to 26.

Among them are: O. Adelbert Kuhl, Jr., Arthur C. Knight, Artho E. Staley and A. Paul Thompson, all of Central National Bank, Elmer Shumaker, Clyde Harrell and James Miller of Federal Reserve, and John W. McHaffie of National City.

Heads Bank Club

Frederick C. Schlundt of Rocky River (suburb of Cleveland), became the first President of a permanent organization known as the **Quarter Century Club of Central National Bank.** The club is for employes who have been connected with the bank for 25 years or more. It was organized at the 53rd anniversary meeting of the institution.

Cravens Goes to St. Louis

Kenton R. Cravens, Vice-President of the Cleveland Trust Co. in charge of the personal loan and finance department, who has been on leave to Washington for most of the past two years, is going to St. Louis about the first of July to take a position as Vice-President of the Mercantile-Commerce Bank & Trust Co. of St. Louis.

While in Washington he helped set up the regulations of government control of consumer credit and later for the administration of war production financing.

In 1939 he helped organize the Bankers Association for Consumer Credit which later merged with American Bankers Association. He now is head of the Consumer Credit Council of that group.

Governors of Bond Club

Paul J. Eakin, resident partner of Hornblower & Weeks, and John Hay, Vice-President of Merrill, Turben & Co., have been chosen Governors of the Bond Club of Cleveland following its annual spring meeting, President Wilbur F. Kurtz announced. They succeed Kurtz and John Dore of Stranahan, Harris & Co.

Federal Reserve Bank Changes

R. B. Hays assumes the First Vice-Presidency of the Federal Reserve Bank of Cleveland July 1,

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Ohio Recommendations

Cayne, Ralston & Co., Union Commerce Building, Cleveland, have prepared a recent analysis of **U. S. Truck Lines, Inc.** of Delaware and have brought all figures up to date. Copies may be had from the firm upon request.

Gillis, Russell & Co., Union Commerce Building, Cleveland, will send copies of their new brochure on **Cliffs Corporation** upon request.

W. D. Gradison & Co., Dixie Terminal Building, Cincinnati, have prepared an up-to-date report on **Philip Carey Co. common stock and 5% and 6% preferred.** Copies may be had upon request.

Clair S. Hall & Co., Union Trust Building, Cincinnati, report that **Marathon Paper Mills** net profit after taxes for nine months ending April 30, 1943 were $731,922.26 compared to $929,809.19 for the same period ending April 30, 1942. Copies of their memorandum discussing the situation may be had upon request.

Otis & Co., Terminal Tower, Cleveland, have prepared a late analysis of **National City Bank of Cleveland** and will send copies upon request.

L. J. Schultz & Co., Union Commerce Building, Cleveland, will send late data on **M. A. Hanna Co. common stock** to any interested person.

The Weil, Roth & Irving Co., Dixie Terminal Building, Cincinnati, report that during the past ten years in which many **Kentucky Counties** have found it difficult to meet their maturing obligations, they have been very active in completing **Refunding programs** and are in position to give full information in connection with practically all of these distressed situations. They are at all times interested in the purchase of **Kentucky, Ohio, West Virginia** and other **Municipals** and are prepared to give quotations or bids.

Cliffs Corporation

Cliffs Corporation Common, listed on the Cleveland Stock Exchange, is selling at less than 80% of the liquidating value of the four New York listed stocks in its portfolio (Youngstown Sheet & Tube, Republic Steel, Inland Steel and Wheeling Steel). In addition, it owns the entire common issue (461,000 shares) of Cleveland Cliffs Iron Company.

Cliffs Corporation — and each one of its holdings—is rated "Better Than Average" by Standard & Poor's latest reports.

As a holding company, Cliffs is not subject to excess profits taxes, and since it has virtually no overhead, practically all income is available for dividends. Two 20-cent disbursements have been declared so far this year, and $1.00 was paid in 1942.

Price range and dividends for past eight years were as follows:

	Dividends	Earnings	Price Range
1943 ------	.40	?	14¼- 9¾
1942 ------	1.00	1.07	14¼-10
1941 ------	1.25	1.35	17⅝-10¾
1940 ------	.75	.80	20 -12¼
1939 ------	.40	.40	27 -13
1938 ------	.25	.25	23¾-11
1937 ------	.80	.92	50 -14
1936 ------	.75	.48	36 -17
1935 ------	---	.28	23 - 5

Ohio Municipal Comment

By J. AUSTIN WHITE

It's the same story of rising prices. During the past three months' prices for Ohio municipals have risen about 20 to 30 basis points. Of course this is a considerable rise for such a short period and, as one could expect, the market at present appears to be in process of digesting this change. Bids amongst dealers and for various issues are being evened up at the higher level.

Where the market will go from here is, as always, a moot question. But is is apparent that there is no solution as yet to the problem of inadequate supply. No one is interested much in selling and perhaps there will be no selling of any amount in Ohios before the next War Loan Drive, when attention will again be focused throughout the nation on the advantages of selling municipals and buying governments by those who do not need tax emption.

No "New Names" Coming Into Market

For years, in Ohio at least, we have heard lamentations about the lack of "New Names." For years, everyone has been crying for something different. This situation has been quite aggravated since the war cut down so drastically on available manpower and materials for permanent improvements. Of necessity, the market must now rely for new issues upon bonds sold for refunding purposes. Usually these are the very names which are not included in "something different." During the first six months of 1943 the new issues of Ohios offered at public sale amounted to $2,788,000. Of this amount $1,710,000 were refunding bonds, practically all represented by four issues. Of the $1,078,000 of other bonds, $500,000 represented two issues, by Franklin County and Summit County, of bonds to pay for reappraising the real estate in the counties, a purpose which was just authorized for this year by the current session of the Legislature. Furthermore, both of these issues were purchased by banks for their own account.

Yet Business Is Active

Despite this lack of supply, particularly of new names, business in Ohio municipals has been active the first half of this year. Supply has come and must continue to come from the secondary market, from the sale of bonds by those who do not need municipals. As a whole, dealers are active. The contrast in sentiment between now and the early part of 1942 is amazing. One large dealer who a little over a year ago was in an indigo mood about the prospects

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Rate Cuts And Wage Raises Will Leave Rail Interest Coverage Substantial

(Continued from page 2359)

other industries, instead of after 48 hours, as at present on the railroads. This would add slightly over $150 millions more to railroad wage bills, but after taxes the net cost to the railroads would be reduced to about $70 millions.

Beyond this, the operating employees have asked raises also (of 30%). However, they are relatively highly paid, and estimates are that they will get only about 5%. This would be a gross cost of about $60 millions, or $27 millions after taxes. (No overtime basis change is expected).

If all these should become effective, the net cost would be about $270 millions. (The cost to the government in taxes would be $325 millions). This compares with income available for fixed charges (which were $629 millions) of all Class I roads in 1942, of $1,618 millions.

Helpful Factors

But there are other factors to consider. The rate cuts are effective only until Jan. 1, 1944, indicating an ICC intention to review the situation at that time. The rescinding passed in the commission only by a 6 to 5 vote. Had it been known that the wage raises were to be as large as recommended, it is at least doubtful that it would have passed. Especially if the overtime provision should be put into effect, the chances that the rate rises will be restored at the year-end seem good. This would restore $300 millions gross to the railroads, or $135 millions net after present estimated taxes.

Then there is the fact that gross revenues are higher this year. For the first three months, the gain was about 40%, and for April about 30%, over 1942. These gains cannot continue with lower rates; but 10% for the year would appear conservative. On last year's total Class I gross, a 10% increase would be about about $750 millions, of which, on the basis of last year's operating ratio, abou $285 millions could be brought through to net operating income, and about $130 millions could be retained after income and excess profits taxes.

The question is often raised as to what higher wage rates would do to the railroads after the war in the event of a severe traffic decrease. But if there is a post-war boom, traffic should be at good levels. And it is interesting to note that over the years railway wages tend toward being a rather constant proportion of gross. In other words, regardless of wage rate levels, the railroads tend to pay out what they can afford to employees, and balance results by increased efficiency or by strict control of expenses.

Results for Individual Roads

The accompanying table gives, for 20 representative roads, last year's fixed charge coverage, estimated 1943 coverage, and the proportion of fixed charges represented by the combined net cost of railroad rate cuts, the recommended wage increase for non-operating employees (but not overtime after 40 hours) and the expected wage increase for the operating employees. A 10% increase in gross revenues for 1943 is assumed. Last year's operating ratios were used as a base. The figures on fixed charge coverage are after taxes, though actually bond interest precedes taxes as a charge. (This is, of course, a protection. For instance, if pre-tax earnings equalled bond interest there would be no income or excess profits liability ordinarily).

The figures given for 1943 are necessarily approximations. The total increase in gross may be more than 10%; it will certainly vary from road to road. Taxes are figured on separate bases for each road, but final results may of course differ from estimates. In general, our estimates should be conservative.

RAILROAD FIXED CHARGED COVERAGE

	—Times Covered— 1942 Actual	1943 Estimated†	Rate Cuts and Wage Raises*
Atchison, Topeka & Santa Fe	7.2	4.3	0.50
Atlantic Coast Line	4.5	3.2	0.28
Baltimore & Ohio‡	2.5	2.8	0.58
Bangor & Aroostook	2.2	1.9	0.37
Chesapeake & Ohio	5.1	4.1	0.34
Chicago, Burlington & Quincy	3.9	3.3	0.47
Delaware, Lackawanna & Western	1.7	1.8	0.37
Erie	3.7	2.6	0.44
Great Northern	3.1	2.6	0.30
Illinois Central	2.6	2.5	0.45
Louisiana & Arkansas	2.4	1.7	0.31
Louisville & Nashville	3.1	2.8	0.36
N. Y. Central	2.0	1.8	0.33
N. Y., Chicago & St. Louis	2.5	2.4	0.28
Northern Pacific	2.1	1.8	0.28
Pennsylvania	2.4	2.0	0.29
Pere Marquette	2.1	1.8	0.42
Southern Pacific	3.8	2.9	0.46
Southern Railway	3.1	2.0	0.22
Union Pacific	5.4	3.6	0.49

*Proportion of fixed charges. †Giving effect to wage increases and rate cuts. ‡Disregarding adjustment plan.

It will be noted that the decrease in fixed charge coverage is often more than the rate cuts and wage rises would account for. This is usually due to higher taxes this year, as, for example, carry-overs are used up.

Debt Reduction

In conjunction with the earnings situation of railroad bonds, the great progress in over all debt reduction being achieved by the railroads in the war period should be considered. Besides reducing fixed charges, it improves the financial position, and is usually designed to help the problem of maturities.

In the table above, we give the debt reduction accomplished by a number of solvent roads in 1942 and, where available to us, so far in 1943, together with the proportions that the reductions are to the total debt at the beginning of each period.

The reason that we have confined this table to the solvent roads is that it is among them, rather than among the defaulted (or reorganized) companies, that the major part of debt reduction has taken place. And debt reduction by defaulted roads has generally been by tenders, whereas the solvent roads often make open market purchases, with a more direct effect on the markets for the bond issues concerned.

A Market Advantage

In the event of any periods of market weakness, we believe that the debt reduction situation and the open market purchases (which would be especially advantageous when prices tended lower) would provide strengthening factors for the bonds of solvent roads, which would be lacking for bonds of roads that are in default. This is all the more to be considered in view of the very large price advances of many defaulted bonds, making them vulnerable in case of general market setbacks.

Conclusion

Analysis of the recent railroad rate cuts and prospective wage raises indicates that, particularly after taxes, their effects are not too serious in relation to present high income. Furthermore, at least a 10% increase in gross this year (as a whole) over 1942 is an important offsetting factor, and there are considerable prospects that the rate cuts may be restored after the year-end, if costs rise substantially. For the solvent roads, extensive debt reduction is accomplishing improvement of permanent significance. In our opinion, railroad bonds generally, and particularly junior issues that depend largely on earnings results, remain in favorable position.—*Economics & Investment Dept., National Securities and Research Corporation, New York City.*

Railroad—	—1942— Net Debt Reduction (000)	% of All Debt	—1943— Net Debt Reduction (000)	% of All Debt
Atchison, Topeka, Santa Fe	$18,266	5.65	$28,262	9.27
Atlantic Coast Line	11,949	7.46	-----	---
Baltimore & Ohio	11,570	1.71	69,275	10.42
Bangor & Aroostook	950	5.40	-----	---
Boston & Maine	4,282	3.28	2,612	2.06
Chicago, Burlington, Quincy	20,813	8.27	-----	---
Chesapeake & Ohio	9,010	4.09	-----	---
Delaware & Hudson	2,552*	4.68*	-----	---
Erie	8,226	3.85	-----	---
Great Northern	20,103	6.01	19,227	6.11
Gulf, Mobile & Ohio	1,096	2.57	-----	---
Illinois Central	26,441	7.11	7,028	2.04
Kansas City, Southern	3,637	4.23	-----	---
Lehigh Valley	375*	0.25*	2,362	1.57
Louisville & Nashville	5,790	2.52	7,132	3.17
Missouri-Kansas-Texas	7,262	6.48	-----	---
New York Central	54,536	5.55	25,955	2.80
N. Y., Chicago & St. Louis	7,880	5.71	-----	---
Norfolk & Western	81	0.16	-----	---
Northern Pacific	2,495	0.76	-----	---
Pennsylvania R. R.	19,535	1.79	-----	---
Pere Marquette	2,812	3.87	2,588	3.72
Pittsburgh & West Virginia	527	2.62	-----	---
Reading	7,965	6.31	-----	---
Southern Pacific	25,094	3.43	1,622	0.22
Southern Railway	20.578	6.18	4,377	1.39
Texas & Pacific	736	0.94	-----	---
Union Pacific	2,038	0.54	-----	---
Virginian	317	0.53	-----	---
Wabash	5,582	5.19	-----	---

*Increase.

NYSE Wkly. Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Charles K. Marsico, member of the New York Stock Exchange, retired on June 17th from partnership in Bendix, Luitweiler & Co., New York City, which continues as a member firm.

John J. Farrell, Exchange member, withdrew on June 17th from partnership in D'Assern & Co., New York City, which is continuing as a member firm.

Transfer of the Exchange membership of Walter S. Buck, partner of Richard J. Buck & Co., which will continue as a member firm, to Beverley M. Eyre will be considered on July 1. Mr. Eyre will continue as a partner in Delafield & Delafield, New York City.

Tellier Co. Registers In Fla.—To Open Branch

Tellier & Co., 42 Broadway, New York, have become registered security dealers in the State of Florida as of June 21, last. The firm expects to open a branch office in Miami in the fall.

Ohio Brevities

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succeeding Frank J. Zurlinden, who has retired. Hays' term will run until February 28, 1946. **A. H. Laning, Cashier, has been made Vice-President and Cashier and H. E. J. Smith, Assistant Cashier, moves up to Assistant Vice-President.** Clarence W. Arnold, another Vice-President, also is retiring.

Picked for AIB Posts

Two Clevelanders have moved into national posts with the American Institute of Banking.

At the group's recent war conference, **William C. Way, Trust Officer of Central National Bank** and connected with banking for 38 years, was elected a National Vice-President. **Miss Anne J. Erste, alternate assistant Federal Reserve Agent,** was appointed Chairman of the Membership-Publicity Committee.

L. C. Williams Promoted

L. C. Williams, formerly assistant cashier, has been advanced to assistant vice-president of National City Bank. With Hayden, Miller & Co. at one time, Williams has been engaged in credit and business extension work at the bank since 1940.

* * *

Willard Adamson, general agent of Northern Pacific Railway at Cleveland, **heads the Traffic Club of Cleveland,** succeeding E. C. Robinson of the Standard Oil Co. of Ohio.

* * *

Cleveland Life Underwriters have as their new president Lloyd H. Feder, Ohio manager of Reliance Life Insurance Co. John N. Lenhart of New England Mutual is vice-president and Frank T. Ferris of Prudential Life Insurance, is second vice-president.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Dividends thus far declared in 1943 by representative fire insurance companies show no change from declarations in 1942. Few, if any, changes are anticipated, either up or down, and dividend rates are considered as being generally secure. Historically representative old-line fire insurance companies have been steady dividend payers and their stocks have been sought after by the conservative and sagacious investor for this as well as other reasons. Historically, also, well-selected fire insurance stocks have shown excellent market appreciation over medium and long-term periods.

In view of this situation it is of interest to review the yields of a number of the better-known fire insurance stocks, as follows:

Company	Annual Dividend	Asked Price	Yield %
Aetna	$1.80	$58	3.1
Agricultural	3.25	75½	4.3
American Alliance	1.20	24½	4.9
Amer. Equitable	1.00	20¼	4.9
Bank & Shippers	4.00	89	4.5
Boston	21.00	622	3.4
Continental	2.00	47¾	4.2
Fidelity Phenix	2.00	49½	4.4
Fire Association	2.50	69¼	3.6
Fireman's Fund	3.00	84¼	3.6
Franklin	1.40	31½	4.4
Glens Falls	1.60	44½	3.6
Great American	1.20	31	3.9
Hanover	1.20	27½	4.3
Hartford	2.50	101¼	2.5
Home	1.60	32½	4.9
Insur. of N. Amer.	3.00	85¾	3.5
National Fire	2.00	64¼	3.1
National Union	5.00	187	2.7
New Brunswick	1.80	34¼	5.2
New Hampshire	1.80	48¼	3.7
North River	1.00	25¾	3.9
Northern	5.00	104½	4.8
Pacific Fire	5.00	105	4.8
Phoenix	3.00	93¾	3.2
Providence Wash.	1.40	37½	3.7
St. Paul F. & M.	10.00	300	3.3
Security	1.40	38¾	3.6
Springfield F. & M.	4.75	132½	3.6
United States Fire	2.00	53½	3.7
Average of 30			3.9

The highest yielding stock in the above list, on the assumption of stable dividends is New Brunswick at 5.2%, while the lowest yielding is Hartford Fire at 2.5%. The average yield of the 30 stocks is 3.9%.

For the sake of perspective it is helpful to compare this current average of 3.9% with the annual averages of the 30 stocks as a group since 1925. These are based on the mean of the high and low asked price of each stock in each year, the resulting individual yields being then averaged for the 30 stocks. The results are as follows:

Year	Annual Average Yield of 30 Stocks %
1925	3.8
1926	3.8
1927	3.1
1928	2.6
1929	3.2
1930	4.3
1931	6.0
1932	6.7
1933	5.8
1934	4.5
1935	3.7

Year	Annual Average Yield of 30 Stocks %
1936	3.6
1937	4.4
1938	4.7
1939	4.3
1940	4.4
1941	4.2
1942	4.6
18 years' average	4.3

It will be observed that the average annual yield over the 18-year period is 4.3%. This, however, is distorted by the exceptionally high yields of 1931, 1932 and 1933, when the market fell to depths hardly justified either by the earnings or the dividends of the insurance companies. If these three years are eliminated, the average for the 15-year period then becomes 3.9%. Thus, it would appear that the current yield of representative fire insurance stocks, as a group, might be considered as about normal.

Marketwise, fire insurance stocks have appreciated 355.4% since the low of 1932, according to Standard and Poor's Weekly Index. This compares with an appreciation of 239.1% for industrial stocks over the same period, as measured by the Dow-Jones Industrial Average. From the present level the fire stock index would have to appreciate 5.0% to reach its 1936 high and approximately 110.0% to reach its 1929 high, in which year the average yield of the 30 stocks was 3.2%.

Aggregate annual dividends paid by the 30 companies show an interesting record, as tabulated below, starting with 1929 when the average yield was 3.2% as just noted.

Year	Aggregate Dividends 30 Companies
1929	$34,911,000
1930	39,784,000
1931	39,428,000
1932	26,495,000
1933	24,919,000
1934	27,313,000
1935	33,110,000
1936	32,744,000
1937	34,331,000
1938	34,291,000
1939	35,881,000
1940	36,171,000
1941	37,491,000
1942	36,431,000

It should be observed that since the low year of 1933, dividends have increased by $11,512,000, or 46.3%, and that they now exceed 1929 payments but have not yet reached the higher disbursements of 1930 and 1931. By and large, well selected and diversified fire insurance stocks still appear to offer attractive investment appeal to the conservative investor interested in the fairly generous yield of around 4% coupled with long-term appreciation possibilities.

Our Reporter's Report

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sented to the plan as proposed. But, officials have warned seemingly reluctant holders of the balance, that at least another $10,000,000 must approve the plan if default is to be avoided, since at least two-thirds of the total must consent.

Under the proposed amendment to resolutions covering the issue in 1940, the Authority would be empowered to use certain funds and revenues which it has been obligated to hold for reserves and other uses.

Pipe Line Bonds Quickly Sold

Investors quickly absorbed Tuesday's offering of Panhandle Eastern Pipe Line Company's ten-year bonds, the first issue of its kind in a considerable period.

Carrying a coupon of 2¾% and priced at 101, this issue quite evidently was made to order for a number of portfolios. At any rate it developed that underwriters needed very little in the way of help from dealers on this one.

It was out and gone within a few hours after the opening of the books. Proceeds will reimburse the company or place it in funds to proceed with its current construction program.

Iowa Power & Light Issue

Underwriters are inclined at the moment to anticipate a call for bids on the $17,000,000 of thirty-year 3¼% first mortgage bonds of the Iowa Power & Light Co. within the next fortnight or so.

This prospective undertaking has been in registration with the Securities and Exchange Commission for some weeks, and has been kept current by a amendment.

The bonds naturally, being those of a utility, will be sold in competitive bidding under the rules laid down by the SEC, and funds raised, together with other treasury moneys, will be used to retire certain outstanding securities.

Public Service of Indiana

Syndicate managers for the recent Public Service Company of Indiana offering were pleasantly surprised at the start of the week when with about $1,200,000 of the bonds still in hand, demand developed in sufficient volume to leave them with a temporary short position.

The issue had been moving out gradually right along, but sudden quickening of interest was noted on Monday and in order to liquidate the momentary short account the sellers had to put out a call to other participating underwriters for return of bonds needed.

Wall Street Men Form Pre-Induction Class

Each Monday evening the roof of the Equitable Building at 120 Broadway will echo to the tramp of marching feet as far above the sidewalks of New York a determined group of Wall Street men prepare themselves for the grim business of war. Military and naval authorities are loud in their praise of the work accomplished by these volunteer drill groups.

The class is to be instructed by George Brooks of W. W. Schroeder & Company. Mr. Brooks is an assistant of Capt. Paul Brown of the Nassau County Drill Corps. Capt. Brown, U. S. Army (Retd.) is credited with establishing a drill corps that has trained over 5,000 Nassau County men, many of whom are now serving their country with distinction. Mr. Brooks has worked with Capt. Brown as his Chief Drill Instructor.

The Wall Street Group will meet every Monday evening from 5.15 to 7.15 p. m. The sessions are expected to give the men a good fundamental knowledge of close order drill, the manual of arms and many of the basic skills that are required of a good soldier. The unique roof garden drill ground has been made available through the courtesy of the Equitable Building Corporation as their contribution to this instructive work.

There will be no expenses incurred by anyone joining the group. This voluntary pre-induction program should prove of real value to men who may be called to serve in the armed forces of our country. Those desiring any further information may call—George Brooks, W. W. Schroeder & Co., BO-9-7010 or James Ryan, Bond & Goodwin, Inc. WH 4-8060.

Ohio Municipal Comment

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of municipal bond activity, has remarked that the profits of his firm for the first half of this year are higher than for the same period in many years.

Recent Sales of New Issues Confirm Strength of Market

The outstanding news of the month regarding new Ohio issues was the sale on Monday of $570,000 Akrons due 10/1/44-53 as 1½s at 100.38 to an account headed by Messrs. Fox, Reusch & Co. The strength of the market is clearly confirmed by this sale, for although it is the most favorable sale Akron has ever made, the bidding was quite close. The second bid was 100.337 and there were 8 bids reported for 1½% bonds.

On last Friday Butler County sold $93,000 bonds due 12/1/44-63 as 1½s. On Tuesday of last week, all bids submitted for the $300,000 Franklin County bonds due 9/1/44-48 were for 1% bonds. This issue was not re-offreed. The $152,000 Portsmouth refunding bonds due 10/1/48-57, sold June 2nd as 1¾s, were quickly placed. The $196,000 Youngstowns due 10/1/47-56, sold last month as 1½s were well received. In fact, the only recent issue of Ohios (except possibly the Akrons which were just offered at the time of this writing) which has not sold readily was the $686,000 Toledos due 11/1/45-54 which sold as 1½s on May 18. However, at this time there appear to be only $183,000 of this issue remaining and, with the obvious strength in municipals, it appears that these bonds have over-stayed their time in this market, especially when the prices are compared with those on other Ohios recently coming into the market.

Fed. Machine & Welder Situation Of Interest

E. W. Clucas & Co., 70 Pine Street, New York City, members of the New York Stock Exchange, have prepared a survey pointing out the post-war outlook for Federal Machine and Welder Co., the leading company in one of America's fastest growing industries, electric resistance welding. Copies of the interesting survey may be had upon request from E. W. Clucas & Co.

Morris-Essex Interesting

The current situation in Morris & Essex offers attractive possibilities according to a circular issued by Raymond & Co., 148 State Street, Boston, Mass. Copies of this interesting circular may be had from the firm upon request.

MONETARY STABILIZATION

(Continued from first page)

of the international unit adjustable, still gold remains the unit value measure. It is hardly clear why it should be thought necessary or desirable to adjust the value of the international unit because the problem of adjustment would fall upon each national currency and it makes no difference at all what either the size or the name of the international unit may be. It has never been a matter of any material importance in international economic relations how much gold the pound, the dollar, the mark, or the franc represented, just so long as the gold value and purchasing power were maintained. It will be a very difficult matter for many countries to determine the most desirable value for their new currencies because of the maladjustments brought about by the war in debts, taxes, prices, and currency and bank deposits. A long period of time may be required to discover by experience the best value level for many currencies. No doubt such an international clearing union as that proposed by Lord Keynes would give some aid to the countries struggling with these problems. Such a body of practical economic and business advisers could be of great help and perhaps shorten the time of adjustment. As a matter of practical results it would seem better to use the dollar or the pound or some well known currency as the unit, and take as the gold value the old well known gold value before the "New Era" of the 30's. To establish a new unit only creates complications and paper detail which add nothing to the results but require vast accounting and value adjustments that are costly.

It is understandable why neither the British nor the American representatives would want to give in to use the unit of the other for this vast international purpose which will have so much advertising and other value in trade. But this seems quite unimportant. Whether we have a new unit representing more or less gold than one of the old currencies is too small a detail to waste time on, the important matters are the exchange relationships of the various currencies and how to find the proper rates at which to stabilize the currencies. But even these matters are all superficial and of secondary importance. The real matter of lasting importance seems to be the economic and financial reorganization in each country, and their respective capacities to support these exchange rates. Here all the problems of debts, taxes, prices, tariffs and standard of living come in for consideration. May be it is the hope of the International Exchange Stabilization Organization to be ready to help with these economic problems in the several countries.

With respect to providing an organization which will influence and control the economic policies of member nations it seems out of the question for such an organization to do more than act as an adviser. Domestic political and economic conditions will have to be run by the peoples of each country with such help and advice as this organization can give. Small countries can run their economic affairs just as soundly as large countries. For example, the economic affairs of Sweden, Denmark, Holland, Finland, and many other small countries have been run admirably well in comparison with both the United States and Britain. If because of domestic politics or misguided economic policies any country wishes to manage its financial affairs differently, it will have to learn by experience.

International Loans

It may seem natural to tie international loans up with international clearings but there are good reasons for distinctly separating them. Short term loans to countries should be seasonal, and while the International Clearing Organization might make such loans, or supervise the making of such loans by commercial bankers, this is only one of the items out of which short term clearing settlements arise and an item of a special or seasonal sort. It is a banking matter. The bulk of short term clearing items arise out of trade, and it would seem best for a clearing system to handle clearings and have no interest in the causes or sources of the items. However, such an organization might act as an adviser to both borrower and lender without bias.

As for long term capital loans it seems out of the question for a clearing organization to do more than act in an advisory capacity and furnish information to both borrower and lender. The problem of foreign capital loans is so closely tied up with that of trade and tariffs that the policy in one of these matters may easily conflict with the policy in the other. If either the United States or Britain is going to continue the present system of protective tariffs for capital, labor and agriculture, then a policy of foreign investment must be curbed and adjusted to the willingness to take imports. The lending of capital in foreign countries for more productive purposes than the capital can be used for at home

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The Securities Salesman's Corner

Selling "Income" Can Be The Foundation For A Successful Sales Campaign

Here is a suggestion for a sales campaign that is based upon taking advantage of current conditions in the second and third grade bond market. As most students of security prices are aware, for many years now, excellent bargains have been available among this group of bonds. Most of these so-called undergrade bonds have turned out to be excellent investments for those who could discriminate in making their selections. There are still many attractive issues selling around forty, fifty and up to seventy in their price range. These bonds can be purchased to yield from eight to as high as ten percent and in a few cases even higher.

The plan consists of selecting a diversified group of from five to ten issues in different lines of industry. Then make up a "package" or "group investment" and offer this combined portfolio as a unit. This idea, we realize, is not original nor is it something particularly new but the approach that can be used in offering it to your clientele has many possibilities at this particular time.

For instance, if you can strike an average yield of 8% for the "group as a whole," it will yield an income of $100 per month to an investor who could make an investment amounting to $15,000. Likewise an investment of $30,000 would be needed to bring in $200 monthly. The smaller investor could purchase a monthly income of $50 with an investment of $7500, or $25 for $3,750.

In other words, change your sales approach. Instead of saying "this bond will yield 8%", which doesn't mean much to anyone except that it might serve as a warning to some bond buyers not to buy because someone once told them, "the higher the yield the greater the risk"; you say, "HERE IS AN INCOME OF SO MUCH A MONTH THAT YOU CAN LIVE ON!"

Your sales campaign, as we have said, could be conducted in many different ways. The possibilities for writing sales letters, pre-approach mailings, newspaper ads, and follow-ups by salesmen, are both flexible and full of opportunities for originality in this kind of a selling drive. The portfolio itself can be enlarged or contracted by the simple device of adding or subtracting to the number of bonds to be included for each issue in the group. For example, if your portfolio contained ten issues with an average price of around 50, then three of each issue would make up an investment of approximately $15,000 ($100 per month at 8%)—two of each issue would total about $10,000, etc.

You could offer constant supervision after the investment is made. You could easily and readily watch ten different issues held by many of your customers—in fact, more so than if their holdings were all over the lot. Another strong talking point is that although all issues were carefully selected the strength of the entire investment is not dependent upon any one issue. A decline in one issue could be made up by an improvement in another. AND YOU ARE SELLING SOMETHING THE OTHER FELLOW IS INTERESTED IN HAVING—AN INCOME EVERY MONTH.

For as long back as we can remember we have always heard the expression, "We sell bonds, or stocks, or securities." That may well be true, but are we not selling something else called INCOME? The life insurance companies have learned how to do it—they used to sell policies, dividends, and cash values. But they got smart and started to sell "How to retire at 55." It works too—because such appeals are based upon a correct analysis of human nature and the things people desire to have.

IBA Annual Meeting In N. Y. Nov. 3-5

The annual meeting of the Investment Bankers Association of America this year will be a three-day all-business session devoted principally to problems of war finance and private financing after the war, the Association announced on June 22. It will be held in New York Nov. 3, 4 and 5, that location being selected to minimize travel of delegates, the greatest number of whom come from member houses in Eastern cities.

Four additional investment houses have been approved for membership in the association, it was announced. These were: Bingham, Walter & Hurry, Los Angeles; Hamlin & Lunt, Buffalo; E. A. Straw, Manchester, N. H., and Vilas & Hickey, New York City.

Hal H. Dewar, Dewar, Robertson & Pancoast, San Antonio, and Walter J. Monro of Schoellkopf, Hutton & Pomeroy, Buffalo, have been elected members of the Association's Board of Governors to fill vacancies.

Chicago Clearing Corp. Elects Directors

At the annual meeting of stockholders of the Chicago Stock Clearing Corporation, wholly owned subsidiary of the Chicago Stock Exchange, held June 15, the following were elected directors for the ensuing year:

Raymond H. Becker, The First National Bank of Chicago; Frank J. Buckholtz, Merrill Lynch, Pierce, Fenner & Beane; Anthony L. Godie, Cruttenden & Co.; Ernest O. Lauschke, Thomson & McKinnon; Herbert Levy, Paine, Webber, Jackson & Curtis; Arthur G. Lilly, Paul H. Davis & Co.; Kenneth L. Smith, The Chicago Stock Exchange; Henry Wolbrink, Webster, Marsh & Co.

The annual meeting of the new Board of Directors will be held at a later date, at which time the officers of the Clearing Corporation will be elected.

Investment Trusts

REASONS FOR OPTIMISM

As this is writtn our nation faces its third coal strike in two months. A number of leading brokerage houses have recently urged caution, pointing to "the long, uninterrupted rise." Certain highly respected indicators of stock price trends have turned down. And the market itself has evidenced noticeable sagging tendencies for the past ten days.

Against this background, the latest issue of Lord, Abbett's **Abstracts** sounds a note of optimism. Citing the five major reasons which caused that organization to predict the end of the bear market in a statement published on May 21, 1942, the bulletin points out that not one of those reasons requires revision as a result of subsequent developments. They are all still valid today—the same forces are continuing to operate.

This, of course, does not preclude an intermediate reaction. But it does support the belief that any correction at this time will not go far. Incidentally, our own "Stock Price Trend Indicator," mentioned before in this column, has been rather wobbly of late, but as yet neither the short-term nor the longer term index has gone "under the line." While "caution" is always in order, investors who hold out for last year's bargains may find that they have missed this year's bargains in the process.

Investment Company Briefs

The current issue of Hugh W. Long & Co.'s **New York Letter** brings up to date that firm's excellent chart comparing the British and American markets. Starting from the same base on Sept. 8, 1939, British industrial stocks had drawn 43.7% ahead of American industrials by the end of 1942. In the same period British rails outperformed domestic rails by 71.2%. As of June 1, 1943, these "spreads" had narrowed to 33.3% for the industrials and 44.6% for the rails. Even the present gaps would appear to leave American stocks still a long way to go.

* * *

National Securities & Research Corp.'s **Investment Timing** discusses rate cuts and wage increases as they affect the railroads. "In our opinion," concludes the service, "railroad bonds generally, and particularly junior issues that depend largely on earnings results, remain in favorable position."

The intermediate trend of stock prices is forecast by this service as follows: "The indications . . . are that lower prices will be seen before the major upward move is resumed."

* * *

A chart picture that may well prove to be "worth a thousand sales" was published in a recent issue of Keystone Corp.'s **Keynotes.** It is a simple chart comparing the prices and earnings of the 20 Dow-Jones rails since 1929, but its "message" is unmistakable.

Keystone's recent memorandum to salesmen contains this excellent food for thought.

"There are two general principles of operation in the retail investment business.

"The first one looks upon the retail business as a chain store which functions to distribute the output of manufacturing underwriters. The idea is to move new issues by finding people who can be persuaded to buy them. The retail salesman's job under this plan is to sell a specific issue by contacting a large number of people, in the hope that a sufficient number will buy to enable him to hold his job and make a living

"The second method assumes that the retail security business is, or should be, a professional service—and that the firm represents and serves its retail clients by rendering an investment counsel service. This concept clearly recognizes the fact that the success of the business depends upon the success of the client. Strictly speaking, the firm does not sell securities—instead, it acts as a professional buyer in selecting the securities which best fit its client's individual requirements. Under this method, the salesman starts with his client's requirements and preferences and assists in the development of a sound investment program to fit the purpose. His detailed knowledge, experience and judgment are available to his client."

* * *

Distributors Group has recently sent out revised folders on Aviation Shares, General Bond Shares and Railroad Equipment Shares of Group Securities, Inc. This material is packed with the particular combination of sound statistics and sound selling which dealers have come to associate with the literature of this sponsor.

* * *

"Forty Lower-Priced Common Stocks" is a new folder on Lord, Abbett's Union Common Stock Fund "B" wherein the portfolio does the "selling." While it leaves much of the job for the personal representative, it would appear to be an excellent tool with which to work.

Recommended Reading . . . The George Putnam Fund's leaflet, "Stop—Look—Listen" suggesting the need for caution. "A good sailor always goes prepared for changing weather." . . . Calvin Bullock's **Perspective** discussing the railroad equipment industry. . . . The Parker Corporation **Letter** summarizing an article on long-term stock price factors. . . . MIT's **Brevits** telling the story of the "eleven shares of Anaconda"—it points to a moral for the investor who would avoid the danger of complicated and unnecessary problems arising in the settlement of his estate. . . . Hare's new folder on "Aviation — the number one industry of the United States" with its prophetic quotation from Lord Tennyson.

Dividends

Fundamental Investors, Inc.—Quarterly dividend No. 38 amounting to 20 cents per share payable July 15 to holders of record June 30, 1943.

General Investors Trust—A dividend of 6 cents per share payable July 20 to stock of record June 30, 1943.

Selected American Shares, Inc.—A dividend of 18 cents per share payable June 30 to stock of record June 21, 1943.

National Securities & Research Corp.—Payable July 15 to stock of record June 30, 1943, as follows:

National Securities Series:

Bond Series	$.10
Low-Priced Bond Series	.12
Preferred Stock Series	.12
Income Series	.07
Low-Priced Common Stock Series	.02
International Series	.10
First Mutual Trust Fund	.09

Defends Stockholders Right To Be Heard

Luigi Criscuolo, in his private Newsletter, under date of June 15, defends the rights of minority stockholders at annual corporation meetings. We reprint his remarks on this subject in part below:

Corporations are holding annual stockholders' meetings, and stockholders have their day in court. Corporations are a republic to which the stockholders send Directors, and Directors use their judgment in conducting such corporations. Stockholders appear at the stockholders' meetings and make criticisms of Management. Some criticisms are constructive and some are not. Stockholders have made a serious challenge to the wisdom and honesty of Management. Among the questions brought up at a recent meeting were: (1) Executive salaries should be reduced if dividends are reduced, and (2) A transcript of the proceedings should be sent to all stockholders. Directors could keep on paying dividends even when a company was in poor financial condition just to maintain salaries on the current level, when it would be better to reduce or suspend dividends. That would be a dangerous feature. The other proposal would post stockholders on minority opposition which might be entirely legitimate and in the interest of stockholders, which opposition would never be known to the public unless such a transcript were sent to stockholders. . . . This writer took part in a meeting of a large public utility corporation held recently. Some suggestions advanced by minority stockholders were good and some were bad. Eight million shares were represented for which the Management held proxies, while the opposition represented a few thousand. If all the stockholders could have been present, a majority of them might have opposed the Management on one point: the right of a stockholder to be heard, which right the Chairman had denied until this writer objected, after which the Chairman reversed his decision. . . Several New York newspapers carried a long account of these proceedings, stressing the opposition of minority stockholders. Other newspapers treated the meeting as a routine affair. As Management will not inform stockholders of controversial matters, it lies with the newspapers to publicize them. . . . We think stockholders should demand the right to be heard at stockholders' meetings and that they should take an interest not only in voting for Directors but also in insisting on making the slate for the Board of Directors. Representatives of stockholders should examine the minutes of Directors' meetings of companies in which they are interested and see which Directors took part in protecting their interests at Directors' meetings during the previous year, and exclude any Directors who did nothing or who were simply "rubber stamps" for the Management. The Securities and Exchange Commission has no right to interfere in Management of a corporation because that is the prerogative of the Directors, but the stockholders should make sure that Directors who are managing their company are men of honesty and integrity.

A Bank Of International Cooperation: A World RFC

(Continued from first page)

of the reciprocal benefits to be derived.

In the first place, it should be generally understood that the present war will give rise to a number of problems of an economic nature and that each member of the United Nations group will try to find a solution most beneficial to itself. All the talk of a splendid moratorium on selfishness on the part of the governments of the different nations is unreal thinking. Our negotiators must be on the alert to protect our own interest. The most satisfactory solutions will be found if we are realistic and we get on a basis of give and take. Historically the American people have always been generous but this generosity can best be counted on by an open and frank statement of necessity. Fanciful proposals which are little understandable naturally breed the public suspicion that they cloak purposes going much further than the American people would be willing to agree to.

Within the past few weeks the first steps toward international cooperation became publicized, one emanating from the British Treasury and the other from the Treasury of the United States. Both the proposals contemplate the stabilization of national currencies through the formation of an international stabilization fund or clearing union. The desirability of stabilized currency is fully recognized. The history of the currency inflation that took place throughout the world and the demoralization of international trade and the ruin that followed in its wake are well known. During the early 1920's unsuccessful efforts were made in one country in Europe after the other to hold the purchasing power of their currencies in some stable relationship with those of other countries. Despite all of these efforts, it was not until 1924 that Germany established a new currency which had some stability. Great Britain returned to the gold basis in 1925 and France stabilized de facto in 1926. In other words, for seven years after the signing of the Armistice the purchasing power of the currencies of three important European countries were demoralized and this demoralization affected all the others.

Important as is the stabilization of world currencies, there are other reconstruction requirements, consideration of which should have precedence. Moreover, the Congress recently extended for an additional two years the power of the Secretary of the Treasury to employ the two-billion-dollar stabilization fund for this purpose.

In his testimony before the Committee on Coinage, Weights and Measures, Mr. Morgenthau expressed himself as being satisfied with the results of the Treasury operations in controlling currency fluctuations and emphasized the necessity of continuing the powers. In addition to employing the stabilization fund to keep currencies in line, the Treasury Department has its division of Foreign Funds Control which, in cooperation with the Federal Reserve System, oversees and controls the movement of all funds in and out of the United States.

If it is desirable to enlist the public interest in post-war planning, it is unfortunate, when there exists at least two other problems of greater importance—relief assistance immediately after the war to devastated countries and long-term construction credits—, that two complicated and untried currency stabilization plans, containing the novel features of international currencies called "bancor" in one and "unitas" in the other should be proposed.

The scope of this article does not permit a complete discussion of the United States Treasury proposal for an International Stabilization Fund with its new currency called the "unitas," nor the British Treasury plan invented by Lord Robert Maynard Keynes for an "International Clearing Union" with its new currency called the "bancor." But a few words of explanation should be made cutting directly to the meat of these twin projects, for twins they are as far as purpose goes, although somewhat different in detail.

England's prosperity for decades has depended upon her international trade and markets in her colonies and the dominions. Owing to recent industrial development for war purposes these markets will be greatly reduced. As world banker England has lost much of its supremacy and will be further embarrassed by the obligation to repay large amounts of foreign funds which either had sought refuge before the war or were regularly on deposit; moreover, many investments in Axis-dominated spheres have been injured; and thirdly, revenue received from ocean shipping will come into competition with the new fleets constructed during the war by many of the belligerents. In fact, England will, at the termination of the war, have difficulty in providing foreign exchange to make payments for the necessities she imports.

Lord Keynes, in describing the workings of his plan, applies the theory of ordinary banking loans to international trade balances. In other words, he contemplates a semi-automatic system of loans from those countries having favorable trade balance to those not in such a fortunate position. The plan provides in his clearing union that each participating country will be supplied without cost an initial deposit of a new international money he calls the "bancor." The size of each initial deposit will vary in accordance with some formula probably based on the value of each participating country's foreign trade during some favorable period of the past. The "bancor" will be given a nominal value relative to gold and the currency of each member country belonging to the union will be valued in relation to the "bancor."

A rather simplified explanation of the clearing union's operations is as follows: Let us take for example England and the United States. For many years the United States has exported its manufactured and agricultural products in greater value than it has imported. Hence, it is probable that in the future England will be in debt on account of international payments to the United States. To satisfy this indebtedness the governors of the "union" would simply take "bancor" from the English deposit and give them to the "bancor" deposit of the United States. If the United States should persist in exporting more to England, and in general to other countries, than it imports, the governors of the "union" are authorized to make a request of our Government to lower its tariffs and increase the gold value of the dollar with the hope that by this means imports to the United States will be increased and its exports decreased. Should the Government of the United States decline to follow the advice of the governors of the "union," and its "bancor" balances, convertible into English pounds or other currencies, continue to increase, as far as the United States is concerned only two courses would be left open—either to make investments in England or the other countries in debt on account of international payment, or to expend the surplus "bancor" for their goods.

It is true that both the Keynes Plan and the United States Treasury Plan, whether they speak in terms of "bancor" or "unitas," contemplate clearance through what is known as triangulation of trade balances. For example, if it were possible for us to import from India more than we export, Britain might in turn export more to India than she imports, or otherwise develop a favorable balance of payments with India. By this means England could offset through India a shortage of payments that she could not make directly to the United States.

The difficulty, however, is that the whole American balance of payments is likely to be favorable; that is, we will export more than we will import, and there is small chance that triangulation of trade balances will make up the difference. This will be particularly true in the reconstruction years that follow the war.

The whole scheme totals up as a means of supporting the unfavorable foreign trade of some weaker country on the favorable trade of a stronger country. It will inevitably pull the stronger to the level of the weaker.

The plans set no time limit during which the "union" will exist, nor does it attempt to exert any influence on the domestic budget or social policy of any of the participating nations. This being the case, there can be no forecast made as to how much the plan might cost a strong country such as the United States due to unsound financial policies of another member, nor any telling what effect it might have on our living standard and general prosperity. Of course, there are provisions for withdrawing from the "union" but any such action could only bring great international discord.

The Treasury Plan, entitled "A United and Associated Nations Stabilization Plan," which seems to be a companion of the so-called Keynes Plan, differs from it only in two principal features. The "fund" requires that each country contribute to a pool of five billions of dollars by paying in its own currencies or government securities together with a certain percentage of gold, if the country possesses any. The same system of making payments on account of unfavorable international balances by the exchange of currency within the "fund" is provided for in somewhat a similar manner as in the Keynes Plan. The net result would be that the country with a favorable export balance will pile up a large quantity of the currency or foreign obligations of countries with an unfavorable export balance.

The United States Treasury Plan provides some protection against the "fund" being operated in a manner entirely unfavorable to the United States. The plan proposes that a vote of 4/5 of the majority of the controlling board will be required on all important matters, and further provides that the United States would retain 25% voting power in its own hands, which would give the United States an indirect veto. However, as the purposes of the plan are fully set forth, the American governors could scarcely obstruct normal operations of the plan, which is avowedly the same as that of the Keynes Plan, in that it will support the international trade position of weaker countries at the expense of the stronger.

It is obvious that the governments of various countries which are in the best physical and financial condition will have to go to the aid and support, through some central agency, of devastated nations. However, such aid and assistance should be given in a forthright manner and with advice to the public that it is part of the rehabilitation effort and

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MONETARY STABILIZATION

(Continude from page 2365)

is very desirable provided the tariffs are reduced until the borrower can pay the interest on the capital with the goods produced. But if tariffs prevent the borrower from paying in goods and gold is the only payment acceptable, the money and exchange of the borrowing country will be undermined, and both borrower and lender will be losers.

While an international stabilization organization might furnish valuable information and act as advisers to both borrower and lender it would seem very unwise for a stabilizing organization to take on the responsibility of handling capital loans. Capital loans should be made to foreign countries by private investors through well informed investment bankers. In case of default for any cause the capital value of the investment will decline according to the confidence in the investment. The loss whether temporary or permanent will be borne by the investor, and will not fall upon the commercial banks, the reserve of an international stabilization fund or the taxpayers. Perhaps the greatest enemy of the investor who would loan to foreign countries is the government tariff making bodies. Sound foreign investments are turned into uncertain speculations by tariffs and the uncertainty as to what policy is going to be adopted next.

Any effort to make an international currency stabilization organization responsible for foreign loans, long or short, or for the domestic financial and economic policies of different countries seems too much of an undertaking.

Capital Requirements of the Plans

The capital requirements of the American plan seem unnecessary, and entirely too costly. The large international clearings handled by the British banks in the past with a small amount of gold would indicate that such capital requirements are unnecessary and even undesirable under their needs for international financial service.

Both plans seem unnecessarily complicated. Excessive war balances, depreciated money and many other problems are vexing and will need to be managed for some time. But it all comes down to the simple truths, that each country is entitled to its own gold with the proper considerations for handling; the gold standard is to be restored; the unit of currency for each country should fit its needs and customs; debts are to be paid or adjusted by each country respectively, according to the wishes of the people, and trade barriers, while for the most part undesirable, are the problems of the respective countries. The United States and England might set an example in many of these matters and use their good offices to educate the world on sound economic policies for the greatest self interest of each respective country. Unfortunately both the United States and England have some policies that are as detrimental to their own best interest and that of the rest of the world as have some of the small countries with less cash and credit.

Much in the way of control proposals in both the American and British plans are contrary to the well established doctrines of self determination on domestic matters. The plans are suggestions which undoubtedly will be greatly changed in the processes of development and refinement.

The CHRONICLE invites comments on the views expressed by Dr. Wright, or on any related phases of the subject under under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce Street, New York.

SEC Revises Schedules For Oil and Gas Interests

The Securities and Exchange Commission announced on June 19 revisions to Schedules A to F prescribed by Rule 330 of Regulation B adopted under the Securities Act of 1933 for oil and gas interests. The Commission amended Schedules A to F, inclusive, by eliminating the requirement that information regarding the maximum offering price be disclosed. The Commission substituted in Schedules A and B the requirement of a statement of the aggregate number of interests offered for sale, and substituted in Schedules C to F, inclusive, the requirement of a statement of the percentage of production which will be owned by the operating lessee or lessees, unencumbered, upon completion of the sale of the issue offered.

The SEC announcement added:

"The Commission eliminated the requirement of a statement of the maximum offering price from the schedules because it had been informed that salesmen have sometimes used such statement as a representation to investors of a value approved by the Commission. The only function of this requirement was to disclose to the Commission that the aggregate offering price did not exceed $100,000. The action taken makes no change in the Rules, and all the conditions upon which the exemption is based, including the $100,000 limitation, remain unchanged."

Copies of the amended schedules and rule may be obtained from the Publications Unit of the Securities and Exchange Commission, 18th and Locusts Streets, Philadelphia.

Redundant Currency vs Gold Measurements As Builders Of Workable Wages

(Continued from page 2358)

rom $1.50 to $2.00 an hour.—Cleveland Trust Co's "Business Bulletin," June 15, 1938.

A COMPARISON OF PER CAPITA INCOME AND WAGE RATES

	United Kingdom	U. S.
A—1929 Per capita income per working day	$1.40	$2.17
B—1938 per capita income per working day	$1.65	$1.50
C—Change in per capita income during last 9 years	*18%	†32%
D—Highest wage rates in building trades per hour in 1938 (Figure 1)	$0.42	$2.00
E—No. days of nation's per capita income required to pay for 1 day's highest skilled labor in building trades in 1938	2 days	10.67 days

*Increase †Decrease.

Referring to the above data, it will be noticed that, notwithstanding the decrease in U. S. A.'s per capita income from 57% above to 10% below the United Kingdom's, during the nine years of the tabulation, at the end of the period covered by these figures (1938) we were paying in building trades wage rates nearly 4½ times those paid in Britain. Prices too far out of line discourage or disrupt industry in a free economy. In this instance they menace the perpetuation of the private enterprise system. In 1938, the Monopoly Committee, after a study of our industrial problem, in its report to Congress, sets forth its conclusions as follows:

"The survival of the system of private property itself depends upon restimulation of economic activity. With resources of man and materials altogether adequate to attain the objective desired by all, and to furnish plenty for all, the oppressive fact remains that the economic machine is stalled on dead center. The people are unable to serve their own economic welfare."

A balanced economy with supply and demand prices for wages as well as commodities, is a prime necessity if industry is not to again stall on dead center when war squandering gives place to the economic problems of peace. However, before discussing this data further, we have two charts which we have arranged to get a longer-range perspective of the wage rate problem in U. S. A. and Britain respectively. These charts are marked Figures 2 and 3. The source of the data plotted is indicated in each instance.

Wages in the United States, 1840 to 1943

Figure 2 compares wage rates in U. S. A. in agriculture with the rates in other industry, over the past century. The lower curve shows the stock of money and the amount of it in circulation over the same period.

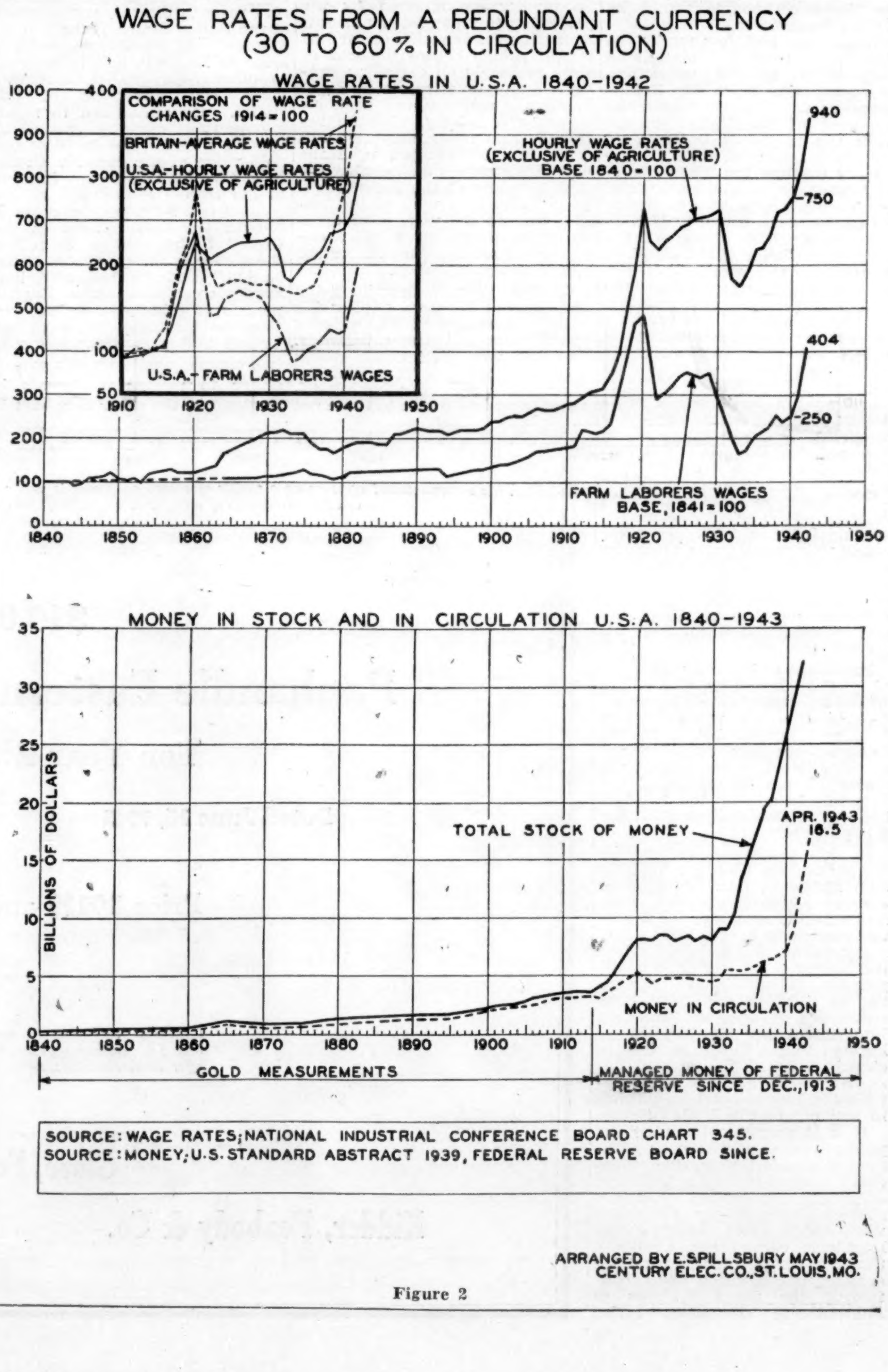

Figure 2

Figure 2 delineates average agricultural wage rates in U. S. A. from 1840 to date, and, for comparison, shows wage rates in other occupations from the same date. It shows that during the half century prior to 1914 America experienced advancing wage rates, over a period of some 40 years. This advance carried all labor to higher levels.

After World War I, which dated from 1914, it shows that the consistency which had previously characterized wage scales in U. S. A. was lost, and that farm labor that had been receiving about two-thirds of the rates paid other workers during the early half of the 1914 decade, by 1922 was commanding less than half and by 1936 was commanding about one-third the wages paid to other industry. Tabulating the high points, we have the following tables based on 1840 wages.

Date	Farm Wages	Non-Agricultural Wage Rates	Difference In % 1840 Rates In Advance Since 1840
1840	100%	100%	---
1874	110%	210%	100%
1914	210%	310%	100%
1940	250%	750%	500%

Agricultural workers, and non-agricultural workers compensated near their level, comprise, roughly, half the workers. The higher-paid non-farm workers constitute the other half. It goes without saying that to triple the wages of one of these groups relative to the other, as was done prior to 1940, is disruptive. The lower-paid are unable to buy the product of the higher-paid in the proportion they have been accustomed to do: so many of the higher-paid are out of a job and many of the lower-paid on short rations. Both, therefore, fall back on the Government for support. This tends to shift the whole load over to the taxpayer, to the detriment of all.

Muddled wage rates of the kind pointed to, are, of course, reflected in the national income. Our earlier tabulation shows a per capita national income decline during the years preceding 1939, of 57%, or from $2.17 to $1.50, but we will take up this phase of the economic problem later. Now we turn to a study of Britain's wage rate problems.

Wages in Britain, 1910 to 1943

Figure 3 gives comparable data for Britain, except that instead of covering a full century, as the U. S. A. chart does, the British chart covers the period since 1910 only.

Figure 3 delineates British wage rates and monetary operations between 1910 and 1943.

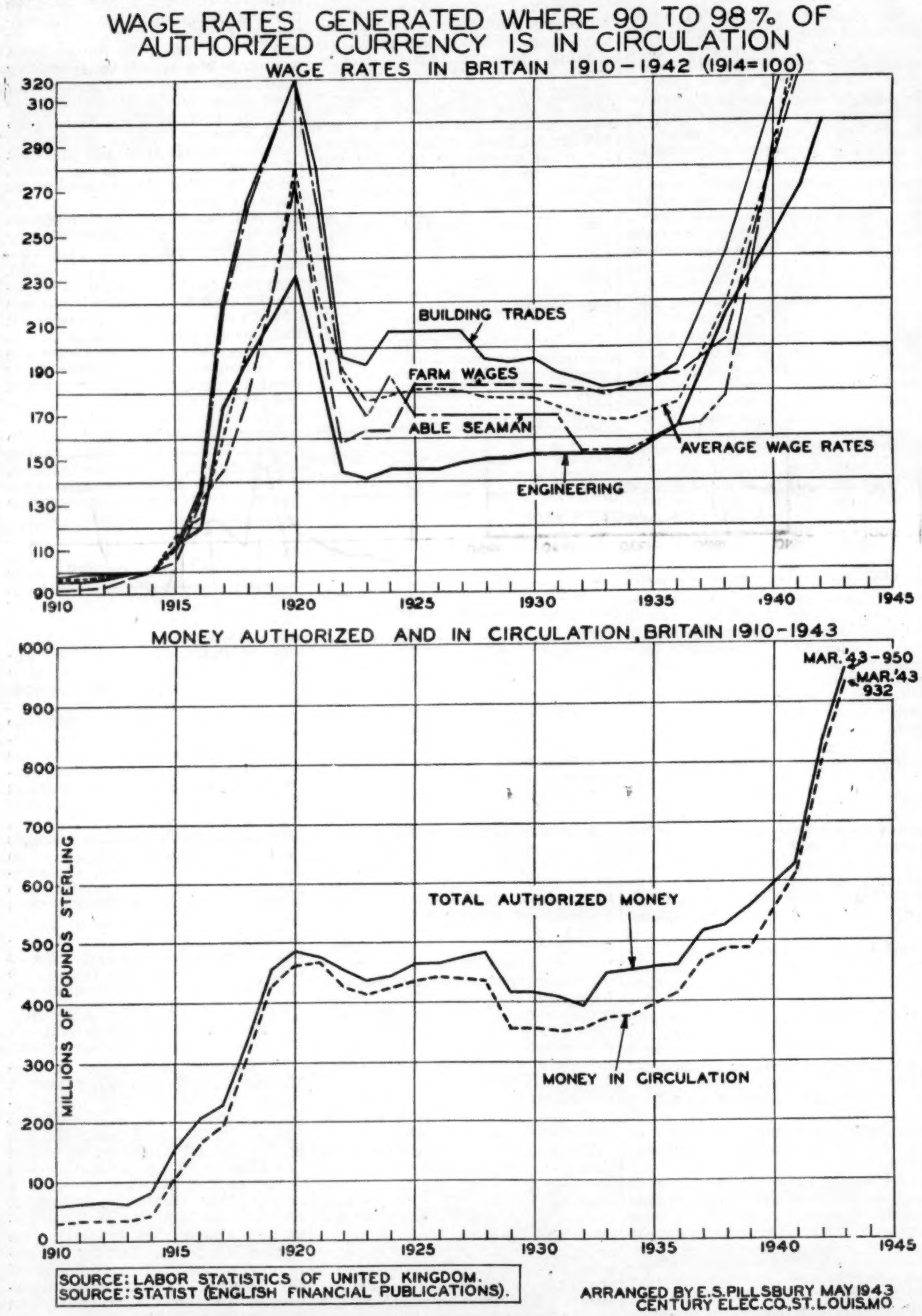

Figure 3

Figure 3 shows that during a war, Britain's wage rates sky-rocket even more violently than U. S. A.'s do. However, after World War I, the chart shows a wage rate readjustment which, by 1922, brought pre-war consistency in sight.

British Wage Rates After World War I Based on 1914 Levels

Year	Mean Wage In % of 1914 Wage Rates	Spread Between Largest and Smallest Advance In %
1914	0	0
1920	280%	90%
1922	200%	60%
1936	170%	22%

It is not strange that wage rates advance as a result of war squandering, nor that the advance is greater in some lines than in others. The important point to notice in this tabulation is that the spread in Britain's wage rate advances, in different lines, owing to wartime squandering, which was 90 points in 1920, had been cut to 22 points 16 years later. This is indicative of monetary control since no such result would be possible without a set-up capable of generating prices, inclusive of wage rates, in terms of supply and demand.

Referring to the money curves of Figure 3, note that during the 33 years covered by these curves, at no time did Britain authorize the issuance of as much as 15% excess currency over that actually in circulation. During most of the time, the excess authorized was less than 5% and during the last two years, scarcely 3%.

Through this limiting authority to add to the currency supply, prices have to be adjusted into the setup as is. Prices can be advanced or operations increased only as private capital is forthcoming to take on the additional load.

Comparing U. S. A.'s wage rates, as recorded in Figure 2, with Britain's, as per Figure 3, we note that the decline in non-farm wage rates in U. S. A. was small after 1920, while farm wages came down in two precipitous drops about eight years apart, to where they are near the 1914 level, thus showing supply and demand control of the later wages. Britain's wages, on the other hand, came tumbling down after 1920 and for 16 years thereafter show only from about a general tendency toward consistency although the wage level after the 1920 drop declined only from about 188 to 170%.

We thus have two practically independent wage movements in U. S. A., one following supply and demand control, the other apparently sufficiently organized to be independent of supply and demand.

This is the crux of Uncle Sam's economic problem. There is a reason why Britain succeeded in controlling her World War I wage rate maladjustments with a tendency toward mastery 16 years later, while Uncle Sam was in a worse rate muddle 20 years after that war than he was at the granting of the Armistice.

Functional Finance

To get another slant on the price-building problem, we will digress a little at this point. The "Chronicle's" June 3 issue contains a discussion of "Functional Finance" by those who think a government brain can hold all activities at their proper level by juggling its finances, taxes, expenditures, etc., in disregard of a balanced budget. Referring to the right column of Figure 1, which stands for plumbers' wages and shows that in 1938 plumbers were being paid 40c per hour in Britain against $2.00 in U. S. A., evidently both of these prices cannot be correct, especially since the higher wage is being paid by the country with the lower income. Do you ask, then: What is the correct wage? No one in the world can answer that for either country. If, without an answer, we go ahead with taxation or expenditures on a broad scale, in disregard of wages or prices that may be five times too high or low, how are we going to avoid continuing as wages become 50 or 500 times too high or low? If we do that, won't we soon run our whole economic setup into astronomical figures? As I see it, there is no central brain that can tell the world the correct value of one item of merchandise, or of one hour's labor in any occupation; and if not in any trade, certainly not in all trades, although such prices and wage rates have been built in free markets for many generations, to the general satisfaction of nearly all. We will undertake to point out how, specifically, later. The following is indicative of what a central brain can do with this kind of a job.

A Sample of Central Brain Pricing

During World War I rubber sold as high as $1.25 per pound. After the war the price was unsettled so Dutch producers and British Treasury representatives got together and undertook to stabilize the price at about 80¢ per pound. They soon let it down, on account of the howl that went up, to about 50¢, at which figure they held it for some eight years, until it got too hot. When they turned it loose (pitched the price up to the world), rubber dropped to 3¢ per pound before it started back up. So much for a sample of central brain pricing.

As I see it, believers in central brain monetary control fail to appreciate that since the days of barter, competition in free markets has generated prices that have adjusted production to fit the demands of consumers, and that this procedure, given the proper sort of money, will not fail to control production for us even better than when operations were less refined, and records less dependable.

Controlling the wages of millions of workers and the prices of billions of items so as to have the price in each instance reflect the supply and demand relationship, within workable limits, is a job for all of the people—not for a central brain. We will proceed to outline how it is done in one free market. Of course, details differ widely; the principles are the same whatever is changing hands, whether it be wages or other service, goods or other property, property, or money rentals, or what have you that is exchanged for money.

Supply and Demand Price Building

To get orthodox price building before us, let us assume that a thousand traders are engaged in such free marketing operations as are involved in distributing a wheat crop. Some have wheat to sell; some came to secure the wheat necessary to keep a flour mill in operation and take care of its customers; others came to invest in wheat to be carried over toward the next harvest, in anticipation of realizing a profit upon the investment; yet others are on hand to participate, for a profit, in domestic or foreign trade; and so on.

As such traders match minds, a consensus of opinion as to the current market value of wheat is evolved. However, if one trader is unable to contract for the wheat he considers necessary to stock his mill or care for his customers, commitments, or operations, the price tends upward. If one producer or trader is overstocked and unable to dispose of his excess stock at the market price, the price tends downward. As often as long or short traders are unable to reach an accord, the price is readjusted in the direction required to effect a balance.

This interplay between those who have too little and those who have more than they think they should carry, generates a price that effects a balance between production and consumption; subject, to be sure, to revision from transaction to transaction, but which, nevertheless, reflects the consensus of opinion of those willing to back their judgment with their money, or wheat as the case happens to be, as to the value of both wheat and money. In other words, through such interplay as we have outlined, a free market price is generated that adjusts production to world consumption and never encourages the production of a surplus that has to be dumped into the sea, nor one that curtails the supply to where those willing to meet competitive prices have to fall back on other fodder.

(Continued on page 2370)

Canadian Securities

By BRUCE WILLIAMS

In the House of Commons last week the Hon. C. D. Howe, Minister of Munitions and Supply, lifted the veil of wartime censorship to make some interesting revelations concerning Canadian metal production.

Canada is now the greatest base metal exporting country in the world. The present output of Canadian aluminum now exceeds the entire world production in 1939. Canada's share in meeting the United Nations' demand for such metals is: Aluminum, 40%; nickel, 95%; zinc, 20%; copper, 12.5%; lead, 15%; mercury, 20%.

Furthermore, magnesium, which was not produced prior to the war, is now being turned out in increasing quantities by a Canadian process, and practically all the asbestos requirements of the Allied countries are being met by Canada. Recent discoveries of scarce strategic minerals have put the Dominion well on the road to self-sufficiency in all of such essential metals as tin, tungsten, molybdenum, chrome and manganese.

Before the war, Canada produced no mercury, but now has become one of the world's most important exporters of this metal. Canada also possesses one of the greatest tungsten discoveries on this continent in the Emerald Tungsten property in southern British Columbia.

These disclosures throw light on the somewhat startling recent change in Canada's foreign exchange situation which has progressed from constant struggle to meet U. S. dollar requirements to a creditor position of apparently some importance. This official information also goes a long way to refute the opinion held in many quarters that Canada can pay her way in this country solely by grace of the Hyde Park Declaration, whereby in April, 1941, the United States agreed to import from Canada increasing quantities of war materials. This arrangement was invaluable to Canada before our entry into war, but since Pearl Harbor, Canada's ability to furnish with little delay large quantities of vitally needed war materials has proved of inestimable benefit to us.

The market for Canadian securities has been less active recently, but prices have been well maintained. A slight recession in direct Dominions was probably due to switching into the higher yielding Dominion - guaranteed Canadian National Railways, which consequently continued firm with prices mostly unchanged.

Saskatchewans still hold the limelight, but offerings from Canada induced by the recent sharp market improvement in this country should retard further advance for the present. Demand continues for British Columbia bonds with the 5s of 1954 now 111 bid, and Manitobas also made further headway with the longer-term bonds priced to yield only a shade over 4%. There was an increased turnover in New Brunswicks but, as usual, the market for these bonds is slow-moving and prices were unchanged.

The marked improvement in the situation over the past few years in British Columbia, Manitoba and New Brunswick should suggest to holders of the bonds of the provinces of Quebec and Ontario the possible merit of switching into the obligations of the former three provinces. This would result in a considerable increase in yield, and there would also be the possibility of profiting from further market improvement in these securities.

Moreover, in the course of the next few years, there is the distinct possibility that all the recommendations of the Rowell-Sirois Commission might be implemented, and there would then be little to choose between any of the Canadian provinces.

In the case of New Brunswick issues, even when comparison is made with those of neighboring Nova Scotia, whose obligations are similarly rated, the difference in yield of the bonds of the two provinces appears somewhat exaggerated. Nova Scotia 4½s of 1960 yield 3.75%, whereas New Brunswick 4¾s of 1960 yield 4.25%. The continued existence of such disparities goes to prove that the market for Canadian bonds in this country does not receive the attention it merits. If, for example, discriminating investors, such as the commercial banks, were to interest themselves more extensively in this field, abnormal differentials of this kind would soon cease to exist.

In these days when, of necessity, stress is placed on drastic control of private enterprise and limitation, of profits, it is comforting to know the realistic views of Mr. Donald Gordon, the very capable head of the Canadian Wartime Prices and Trade Board. During the recent National War Labor Board wage-labor relations hearings in Ottawa, Mr. Gordon pointed out the obvious, if little considered fact, that the Dominion is a big partner in industry through the corporation and excess profits taxes. Therefore, **well-sustained profits for Canadian companies were not only desirable from the point of view of the shareholder, but also from the standpoint of the Dominion Government.**

NYSE Continues 1% Commission Charge

The membership of the New York Stock Exchange has adopted, by vote of 694 to 250, the amendment to the Constitution authorizing the continuance of the present 1% charge on net commissions retained by members and member firms on transactions effected on the Exchange. It was explained by the Exchange on June 18 that the constitution previously provided that when in any year receipts from this charge exceeded $500,000, the rate would be reduced to ½ of 1% and that when the receipts in any year exceeded $750,000, the charge would be discontinued for the remainder of the year. The Exchange also announces that the other amendments submitted to the membership at the same time, relating to gratuities payable to adopted children of deceased members and to technical provisions of the Constitution, were also adopted.

Approval of these amendments by the Exchange's Governors was noted in our issue June 10, pages 2169-2170.

Redundant Currency vs Gold Measurements As Builders Of Workable Wages

(Continued from page 2369)

Note that with such a commodity as gold for money, its purchasing power is no less definitely revised from transaction to transaction, than is the price of the wheat, or what have you, that is bought with or sold for money. This is true not alone of money's purchasing power but concerning its rental value as well; for if government lends money at less than supply and demand interest rates, such kind of subsidized operation can but over-stimulate competition in the field where this easy money is invested or loaned. The long range effect of such investments is to unsettle values in general.

Conclusion

On account of the super-abundant money that government has supplied U. S. A. since 1914, wage rates and prices fail to reflect the supply and demand relationship that normally characterizes free economy prices. Furthermore, the government, by promoting the organization of labor, and by disregarding the resulting monopoly, has allowed sundry wage rates to be pushed far out of line. No small part of the blame for bringing about the 1 to 3, and in some occupations as high as 1 to 10, wage ratios between farm and other work is due to government's limitless currency policy. The question we have to address ourselves to is: What can be done to bring maladjusted wage rates and prices to workable consistency?

One solution being advocated is: Put gold in the show window and hand it out to those who ask for it. The answer to that is: We did exactly that between 1914 and 1933 or 1934. Nevertheless, that is when our wage rates became muddled. We are off gold now because of the difficulty we got into while we were distributing gold as suggested. Paying out gold, from a setup that does not generate supply and demand prices in terms of gold, is a way to give a headache to the leader held responsible for results, but such payments solve no economic problem.

Someone says: Does not your chart show that Britain, with no gold in circulation and little on hand, by caution in adding to her currency, has generated wage rates that, while she was at peace were becoming more consistent from year to year? It does, but don't forget that, to effect, or incidental to, that result, her shilling has been cut 50% from 1/84th to 1/168th oz. of gold. This was effected in easy stages between 1931 and 1939. 50% cuts in the monetary unit do not merely cut wages but dissipate national reserves, endowments, savings deposits, life insurance, etc. If practiced often enough, such cuts destroy incentives to produce and save. A national economy that resorts to cutting its monetary unit to make the wheels go around has been licked already, and is no substitute for an economy in which wage rates and prices are automatically generated and held at the supply and demand relationship.

Anyway, Britain's problem is not our problem. She is dependent upon imports for nearly all raw materials; her home-grown supply of food is insufficient for her subsistence. Primarily she is a nation of traders, dependent upon exports to pay for her subsistence. Unless her wages are workable, in gold markets, she stands to lose her foreign trade, without which she will have to find new sources for a living.

On the other hand, U. S. A. can produce 95 to 98% of what she needs. Foreign trade, that is mutually profitable to herself and customers, only need be sought. Mr. W. A. Manford, in the following quotation, discusses the kind of economic problems U. S. A. has to deal with:

"There is no need for any nation with an intelligent economic system to export more than enough to pay for its needed imports. Whenever goods are produced, the total costs of producing them, including interest and profits, reaches someone's hands as purchasing power and thus automatically enables the nation to purchase its total product. The market for all goods, other than those we must export to pay for our needed imports, is right in our own country, raising the standard of living of our own people."

As we see it, no one can successfully refute Dr. Manford's conclusions in the case of a nation like U. S. A. that depends upon foreign sources for relatively few necessities. On the other hand, with small or trader nations, dependent upon foreign products for subsistence, super wisdom may be required to arrange a setup that, after paying foreign costs, transportation and profits, would retain enough purchasing power to provide a reasonable standard of living for the home folks.

Speaking in general terms, it costs more to distribute merchandise from producer to ultimate consumer than it does to produce it. Crossing international boundaries, oceans, etc., may run these costs up until when an article gets where it is going, it is beyond the reach of the common man. It follows that a policy which discourages the development of local natural resources, as far as practical, is indefensible. We can advise all nations that the world is not an economic unit; make your tariffs in your own interest. We will seek our profit in your success.

The above are some reasons why nations that answer to the above description should try to hook up with neighbor nations to form economic units large enough to be real factors in world economy. As modern business is conducted, the sooner we recognize that a good-sized market is necessary to realize the benefits of mass production the better. The 18 miles of water that separates England from the European Continent is not an economic barrier that should be allowed to interfere with trade. A United Nations of Europe is probably needed as badly as a U. S. A. If there is too much conservatism to accept and accede to this fact, it is too bad, but the problem is not up to us.

We started out to seek a solution for our economic problems. Here is the best we have been able to locate. The wage rate curves of Figure 2 for the period prior to 1914 show that for half a century wages in our country were being slowly but persistently advanced to higher and yet higher levels. The money curve of the same figure shows, through 74 years, a slow but persistent improvement. During the last half century, at least, of this period, we had the best money in the world. Furthermore, during this period, a colonial group of agriculturists furnished asylum for the oppressed of all Europe, multiplied its own population five-fold and became the leading industrial nation of the world. This would have been impossible without a solution of the economic problem we now seek to solve. Doubtless, we will have to go back and take the right road where we took the wrong one.

In 1914 we went off gold. We have been in one mess after another ever since. At the time we went off gold measurements in favor of limitless currency, Hon. Elihu Root said this:

"I say this bill presents the financial heresy twice repudiated by the people of the United States (that it is best for the people of the country that the Government of the United States shall furnish unlimited money to the people of the United States). I say the central Reserve Board appointed under this bill will have to represent that very heresy—(it still does)—unless all our history of human experience, and all the previous judgments, the real judgments, of the American people upon the subject have been wrong. We stand to learn by hard experience what has really been done by the Sixteenth Section of this bill."—Elihu Root, U. S. Senator 1913.

Before concluding, the problem of inflation deserves a word. When Senator Root spoke as quoted above, our circulation was $3.5 billion. Now it is $17 billion plus, a five-fold increase, mostly within three years, since the circulation was $7 billion in 1940. This increased circulation is largely with hoarders. There is enough of it to buy several times over all the merchandise on sale in U.S.A. Furthermore, we are adding some $4 billion annually. If we don't want to face a runaway market one of these fine days, it is time to restudy our monetary setup.

After World War I, "Back to Normalcy" was the slogan, and it did a lot, but, as our charts show, it did not reinstate the gold measurements that controlled our operations prior to 1914.

After the present war, we shall be, as in fact we already are, in a worse wage-rate muddle than we were in after the previous war. If we go ahead with juggling our finances and trying to spend and tax our way out, in disregard of a setup capable of correcting maladjustments, it will be only a matter of time before we shall wreck our monetary setup.

Doubtless it is inadvisable to return to gold measurements during war. Even so, we cannot be too prompt in limiting our currency in some such manner as Britain does so as to get started with a definite monetary setup, into which all financial operations have to be adjusted, since by so doing, prices do reflect the supply and demand relationship within limits, even though, with no monetary base to align up to, price and wage rate levels cannot reflect gold measurements as they will have to do before we can dish out a square deal to all.

"Depression and Recovery in the United Kingdom and the United States"

"Economic conditions in the United Kingdom during recent years have been much more favorable than those in the United States. In 1937, per capita income in the United Kingdom exceeded the 1929 level by 17%, whereas in the United States it stood 23% below 1929. Similarly, industrial output and building activity advanced above 1929 levels in the United Kingdom. During the recovery, a smaller proportion of the labor force has been unemployed in the United Kingdom than in the United States. The recession of 1937-1938 has been much less severe in the United Kingdom. Whereas the Federal Government's debt per capita in the United States has increased more than 100% since 1929, the British have operated on the basis of a balanced budget." — *From National Industrial Conference Board Bulletin of Dec. 19, 1938.*

Assets Of Savings & Loan Associations Have Shown Spectacular Increase

By H. F. CELLARIUS

Secretary-Treasurer, United States Savings and Loan League

Expansion of the individual savings and loan institutions of the nation under the impact first of the Defense, then of the War economy, can be measured with some degree of significance now that it has been under way for three years. There were 167 associations with $5,000,000, or more assets as of Dec. 31, 1942, and we have semi-annual reports on this particular group of institutions for the past decade so that their performance can be used as a guide to what has happened to the business generally. We are particularly interested in what has happened since December 31, 1939, which date we shall take as the base from which to measure their wartime fortunes.

H. F. Cellarius

Eighty per cent of these associations over $5,000,000 gained assets during the three year period. Some of them increased spectacularly. Three actually doubled their assets and one tripled its size in that comparatively brief period. Increases of 20% or more were common for this unpredictable period, occurring in 43 of the 167 associations under scrutiny here. There were ten institutions which had net gains of $5,000,000 or more during these past three years. Furthermore thirty-eight of these associations climbed into the $5,000,000 group for the first time during the Defense and War period, some of them by the spectacular increases cited above, some by the slower process of a 5 to 15% growth.

Geographically there has been comparatively little bias in the national picture of savings and loan expansion. Ohio, which traditionally boasts the greatest number of larger associations, held its lead, but it had to compete with the growing popularity and growing knowledge of the savings and loan type of institution in many sections of the country where it had been less thoroughly advertised up to now. Glancing down the list of institutions which made 50% or greater gains I find one is in Detroit, four in Chicago, two in Baltimore, one in Toledo, one in Peoria, one in Long Beach, California. Others with similar degree of growth were in Canton, Ohio; Los Angeles, California; Tulsa, Oklahoma.

A moment's glance at the top figures in dollar volume of gain shows a like diversity geographically. Cities represented in the list of associations which added $5,000,000 or more are: Washington, D. C.; Providence, Rhode Island; Worcester, Massachusetts; Dayton, Ohio; Minneapolis, Minnesota; Detroit; Chicago; Toledo; Canton, Ohio; Los Angeles. The 130 associations which showed some increase during the period were located in 30 different states and of these Georgia, Connecticut, Tennessee, and Iowa had never had savings and loan associations in such a large size group up until the war period.

Thus it is apparent that the war economy has given an impetus to the expansion of savings and loan institutions which marks the 1940's as probably another decade of noteworthy growth in the business, a decade such as the 1880's when they spread so far and wide, and the 1920's when they multiplied their aggregate assets several times over. As yet the picture of growth for all the associations in the 1940's is not quite so clear as in those other momentous decades, but the signs are certainly plentiful.

For the purposes of this study I used the associations over $5,000,000 largely because full statistics on these particulatr institutions are available over a period of years. There can be added here some data on the smaller associations—not for full period of the three years but for the more recent months when their growth has been noteworthy. Investment receipts in a group of associations between $2,000,000 and $5,000,000 located in larger cities were 40.1% greater the first quarter of 1943 than in the like period of 1942; for a group of associations of this size in smaller cities the increase over 1942 was 28.9%. Both percentages of increase were greater than in the larger associations.

This expansion can be traced naturally to the feverish prosperity of the defense and war days, but part of it is undeniably the result of a business building and educational effort on the part of the individual association managers which has made the last decade unique in savings and loan history. We had similar all-out employment and high wages during World War I without any substantial stepping up of the pace of savings and loan expansion. The different story which the 1940's are telling must therefore be traced especially to the fact that this type of institution and its merits are better known today than in any of its previous 112 years.

New Capital Invested In Savs. & Loan Units Up Sharply In April

The increase in funds of the public invested in savings and loans associations during April was more than double the gain for the same month last year, James Twohy, Governor of the Federal Home Loan Bank system, reported on June 19. In April, 1942, savings and loan associations as a whole experienced a net gain of $19,000,000 in receipts of share capital over withdrawals. Last April, the net gain was $41,600,000. The advices further state:

"Over the 12 months ending last April 30, their excess of new investments over withdrawals amounted to $491,608,000.

"For the first time it is now possible to compare the flow of capital into associations insured by the Federal Savings and Loan Insurance Corporation with that into uninsured thrift and home-financing institutions, the report says. It shows that both during April and for the year ending April 30, the net increase in share capital was substantially greater for the insured institutions."

In his comments Mr. Twohy said:

"Although, of course, secondary to the purchase of war bonds, the accelerated flow of the people's surplus funds into savings and loan associations is a healthy indication now when the nation is fighting to keep the prices of consumers' goods within bounds. The bulk of the money placed in thrift associations represents long-term savings, which are removed from the general stream of buying. Some of it is earmarked by savers for the purchase of homes after the war. Under the present stoppage of all home building except war housing, much of this money will go to augment the heavy investments being made by these institutions in War Bonds and other Government securities."

Federal Savings & Loan Associations' Growth In Ten Years Noted

The tenth anniversary of the Act of Congress authorizing establishment of Federal savings and loan associations finds 1466 such institutions serving savers and home owners throughout the country, occurred on June 13, Governor James Twohy of the Federal Home Loan Bank System reported.

Their combined resources amount to $2,300,000,000 and the cumulative volume of their home loans approaches $3,000,000,000, Mr. Twohy said.

"The establishment of Federal savings and loan associations was designed, first, to provide new thrift and home loan facilities in communities then lacking in such services and, second, to develop, under a uniform Federal charter, a system of home-financing institutions that would combine the best standards and practices evolved in the long history of savings and loan associations," said an article in the current issue of the Federal Home Loan Bank "Review."

Within a year after the passage of the Act on June 13, 1933, 321 charters had been granted to newly organized Federal associations and 48 to existing associations desiring to convert to Federal charter. In 1934, the young system of Federal savings and loan associations was further strengthened by the requirement of insurance of investors' accounts through the Federal Savings and Loan Insurance Corporation, created by Congress that year. Although this insurance protection also was made available to State-chartered institutions, it has been a major factor in the rapid growth of Federal associations.

Savings and Loan Ass'ns Plan To Meet Challenge of Post-War Years

By MORTON BODFISH

Executive Vice-President United States Savings and Loan League

Planning where savings and loan institutions fit into the tremendous post-war world ahead of us has a real challenge at the present time to the leadership in the business. When we realize that for five years running, after victory is won, we are likely to build a million small houses for sale and for rent every year, we know that this future is a particular challenge to the only institutions in the country which have specialized in financing homes, viz the savings, building and loan associations and cooperative banks.

Morton Bodfish

Meeting in Chicago this week will be the newly created Post-War Savings and Loan Program Committee, which consists of thirty five managing executives of cooperative banks and savings and loan associations. As it begins work the committee will have before it a collection of all the post-war palns affecting mortgage financing, housing and ownership which have been proposed by any substantial group, in government or in private business. The agenda for this organization meeting include mortgage rates, safeguards, mortgage financing plans, financing the engineered home, rental housing, redevelopment and slum clearance, maintenance of the home ownership ideal and the machinery within the business for adapting to post-war departures from traditional practice.

The 150 years of American financial history are dotted with failures and tragedies of financial institutions which fell into a groove and just refused to change until there was a funeral. The United States Savings and Loan League will keep before our people all pertinent information regarding changes and suggestions regarding advancement, and the work of the Post-War Savings and Loan Program Committee promises to be significant not only to this business but to the nation at large. Whatever plan is developed for financing the homes of post-war Americans is going to be one of the foremost economic contributions of the mid-twentieth century.

War Bonds Sales Of Fed. Savings And Loan Ass'ns At Record

During April, member savings institutions of the Federal Home Loan Bank System broke all their previous monthly records both in sales of Government bonds and war stamps to the public and in purchases of United States securities for their own investments, James Twohy, Governor of the System, announced on June 12.

Sales to the public reached $66,000,000 and purchases by the institutions were $179,000,000, making a total of $245,000,000—scored largely during the Second War Loan Drive, he said. The previously monthly high was $75,000,000, reached last January, the Federal Home Loan Bank "Review" reports in its current issue.

Since the Treasury's war financing drive began in 1941, purchases of U. S. bonds by member institutions of the Federal Home Loan Bank System, plus their sales of bonds and war stamps to the public, have passed $668,000,000.

How To Save The United States From National Bankruptcy

(Continued from page 2359)

The text of Dr. Spahr's address follows:

We can be reasonably certain that when we reach the end of this war our monetary and fiscal affairs will be sad to contemplate. The prospects are that they may be an exceedingly dangerous element in so far as the future welfare of this country is concerned. We are traveling the road to national bankruptcy at an ever-increasing speed. An extreme recklessness, if not a peculiar kind of exhilaration on the part of our Federal policy makers seems to predominate over what should be great concern and fear of ultimate consequences.

We may or may not escape national bankruptcy. But if we escape it, we shall be faced with an appalling fiscal situation which may also involve our monetary structure. Both fiscal and monetary problems will require the most careful handling, then and in the meantime, if we are to save ourselves even reasonably well from the great distress toward which we are headed and in which we shall find ourselves.

There is not and will not be any avenue through which we can escape the consequences of piling up the huge debt that we shall have accumulated. The best solution that we shall be able to adopt will not be good. It will be acceptable only because the alternatives will be so much worse. Some of these alternatives can be made to appear more alluring, at least temporarily, and in this fact lies a great danger that must be recognized and met.

In the meantime, we should do all within our power to minimize the steadily growing evils and dangers from which we cannot possibly escape.

It is my judgment that our debt will be so large in the end that the best we shall be able to do will be to fund it into a perpetual one at the lowest feasible rate of interest, continuing, of course, the usual amount of floating debt in the form of short-term Treasury notes, certificates, and bills.

But to be able to grasp even this unhappy way out, as the best possible solution to a most unfortunate situation, it will be necessary for us to do the following things, and to do them promptly:

1. Make every possible effort to reduce and eliminate non-essential governmental expenditures.

2. Terminate all programs for bigger and "better" governmental expenditures, deficits, and debts, as we have seen them during the last decade and as we are seeing them urged even during this war and as a "happy" solution to certain post-war problems, and remove the sponsors of such programs from policy-making positions in our government.

3. Eliminate all provisions and defeat all programs pointing toward currency depreciation in all its forms.

If we will pursue these policies as we fight our way to the end of this war and toward that day when we shall know what the peak of our debt is to be, then, I think, we can salvage fiscal and monetary solvency, but at the price of a heavy interest charge for a period the end of which no man can see.

If we fail to pursue these policies, then the prospect is that we shall have in the end a debt so large that not even the interest charge can be carried, and repudiation in some form will be the necessary and disastrous solution.

I should suppose that no thoughtful person could suggest a perpetual debt as the best solution in the end without feelings of reluctance and deep regret. The interest charge might easily prove to be a favorite field of campaign for the monetary demagogue who insists on confusing an investment instrument with a medium of exchange. Doubtless, also, it would provide, constantly, a spring board for that group of demagogues who have popularized the owe-it-to-ourselves doctrine with respect to our national debt. This group seems unable to understand that it is just as important and may be just as difficult for a debtor to pay his brother or neighbor as it is to pay a creditor in another country, and that it is just as disastrous if the debtor cannot or will not pay his brother or his neighbor.

But fear of demagoguery of this type provides no legitimate excuse for failure to adopt the best possible solution to the great debt problem which we shall face. Worse things than a perpetual debt, if we must have that, and the demagoguery which such a proposal or solution may encourage, are the alternatives. These will be one or more of the several forms of debt repudiation effected, doubtless, by currency depreciation.

Although these repudiation devices provide the worst possible solutions to a national debt problem, some of them, such as currency devaluation, can be made alluring, by slick and ruthless or ignorant leaders and demagogues, to the great mass of people who do not and will not understand what a radical devaluation of our dollar will mean to them ultimately. A device such as this, in the hands of men who would take a short-run point of view in government policies, and who would not hesitate to destroy the masses while pretending to act in their behalf, could give this country a setback from which it could not recover for generations, perhaps centuries.

Let us have no illusions on this score. Bad government policies have literally destroyed nations. The world has seen the Dark Ages. It has seen first-class nations slip into second, third, and even lower places. Currency depreciation has been a devastating weapon used by ruthless dictators, monarchs, and other autocrats in an effort to save themselves, after which came the deluge.

Hopeless and helpless bankrupts have no important alternative.

I know of no grounds on which we in the United States can properly assume that we can defy basic principles of sound finance and economics and escape the consequences. We pursue the road to bankruptcy with what is for us an unparalleled abandon. We plan to insure our safety from the cradle to the grave with even more spending, more debt, and more taxes. I have seen no evidence, however, that there is any higher power or international authority that will provide a scheme of social insurance for this nation against the day when our government, by its domestic insurance schemes and otherwise, will have hurled our people into bankruptcy. What we need is insurance against the excesses of our domestic social insurers and distributors and dissipators of our wealth.

We would do well to remember that we lack this insurance by some higher power while we are engaged in our new flights of global thinking and while we are preparing plans which involve giving away the wealth of the United States through lend-lease or currency devaluation, or both.

Similarly, our Administration would stand in a better light before the American people and the world if it did not presume to guarantee that all the world shall be free from want while our government reveals its inability to save even the people of little Puerto Rico from destitution.

The penalties reaped by spendthrifts, wasters, and the impractical are written large in history for all to see. At no time in the past have so many people of this type been in charge of the Government of the United States. I would caution the American people to be skeptical of all programs to distribute our nation's accumulated wealth. Most of such schemes appear to be designed by people who have shown little or no appreciation of the productive accomplishments in our economy and have devoted most of their efforts to redistributing or restricting or giving away existing wealth—largely the accumulations of others.

If we will exercise prudence along the lines suggested, if we keep our debt to the lowest possible limits, and if, in the end, we can carry the interest charge, then we may be able to rescue ourselves with the minimum of harm. It will be necessary, however, to educate our people to the acceptance of a perpetual debt and to make clear to them that the alternatives are worse and that they must be avoided.

At the very best, the burden apparently will be so heavy that we shall be lucky indeed if we can fund the debt at a sufficiently low rate of interest and reduce other items in the Federal budget sufficiently to enable the tax burden to be reduced to a point that will enable and encourage private enterprise to go forward hopefully and optimistically.

It is more important that our people, individually and in business, be able to go ahead in this manner than it is that a portion of the debt be retired each year. And it is important that they not be pressed so hard that they will embrace currency depreciation as a means of debt repudiation. When surpluses occur they should, of course, be used to retire the debt. These should match roughly the unexpected deficits so that the permanent debt will not increase but, if anything, slowly decline.

It is my judgment that it will be unwise to keep taxes sufficiently high to retire part of the debt each year. Considering the great tax burdens which the people will have borne during this war, they will require great and quick relief at its close if they are to go ahead again. Income taxes now fall as capital levies on a great number of our people and enterprises. They are paid in these instances not out of current income but out of past savings, sales of property, and borrowing. This must be ended as soon as possible, otherwise the people may choose currency devaluation or debt repudiation in some form in preference to the discouraging prospect of heavy taxation during the remainder of their lives and those of their children and grandchildren.

It would seem that our great investing institutions and those individuals seeking safety of principal rather than large and speculative income should be able to absorb this permanent debt, treating it as an asset which can easily be shifted from one to another in our bond markets.

But if this is to be accomplished, we must be prudent from now to the end, and more prudence than has been evident thus far must be shown if something worse than this suggested solution is to be avoided.

Our government is showing neither prudence nor fairness to the American people when it continues to urge them to purchase bonds in the face of this huge and rapidly mounting debt while it insists on retaining the freedom to write up the value of new gold to any amount in terms of dollars without so much as a hearing before Congress; or while it retains the power to issue $3,000,000,000 of greenbacks; or while it insists on having the freedom to dilute and expand our currency in other unsound ways—ways that are devious, creeping, insidious, and poorly understood.

On what defensible grounds can our Administration urge insurance from the cradle to the grave while it seeks to retain and to use monetary powers which may impair the value of the billions of dollars of insurance already in existence?

On April 22, Congress passed a bill which, if it becomes law, will extend the life of the Stabilization Fund for another two years with an added restriction that the "Fund shall not be used in any manner whereby direct control and custody thereof passes from the President and the Secretary of the Treasury." This will prevent the use of this Fund in any new international clearing or banking arrangements without the consent of Congress. This bill of April 22 was also notable in the fact that it failed to renew the President's power, under Section 12 of the Gold Reserve Act of 1934, to devalue the dollar by 15.32 per cent, a power which expires on June 30. Both the legislation and the omission are moves in the right direction. But while the Treasury agreed not to fight for the President's power at this time, because of the current Treasury drive to sell bonds, the monetary staff of the Treasury requested Congress not to repeal Sections 8 and 9 of the Gold Reserve Act. These sections give the Secretary of the Treasury power to pay any amount he pleases in paper and silver dollars for gold. This power would enable him to institute another currency depreciation program such as we experienced under the Warren gold-buying program of October 25, 1933, to January 30, 1934. It is possible that by the use of this device he could force Congress to devalue the gold dollar in accordance with his paper money price of gold, as was done on January 31, 1934. If these procedures were followed, then, of course, the Secretary could make our 23 billion dollars of gold equal the national debt at any time and pay off that debt in such depreciated dollars.

Thus while Congress fails to renew the power of the President to expand the gold dollar value of our gold supply by the process of devaluation—that is, by breaking each ounce of gold up into more gold dollars—it has not yet made any move to repeal the power held by the Secretary of the Treasury to depreciate our currency in terms of gold, a power that he should not have and one that could prove to be even greater than the one which Congress failed to renew for the President.

It is reasonably clear that the public is not aware of the existence or significance of these Sections 8 and 9. They have rarely been mentioned in Congress. It is not generally understood that these Sections were taken, with amendment, from a law of 1870—a law written during the greenback period of 1862-1879. To enable the Treasury to obtain such gold as it could get in the days of greenbackism, Congress passed this law to enable the Secretary to buy gold upon such terms as he might deem most advantageous to the public interest.

Thus today, we see these Treasury advisers of Secretary Morgenthau asking Congress not to deprive them of this power to depreciate our currency to any extent they may deem desirable while they are putting great pressure on people to buy government bonds.

This is a matter to which Congress should give its immediate attention if the public is to receive the proper protection against possible radical currency depreciation of this type.

Both Congress and the American people have recently been provided with a shocking illustration of what the Treasury staff, with the help of the Federal Reserve authorities, will do in this direction if not prevented. In December, the Treasury and Reserve authorities, by a devious device, and in clear violation of the spirit and letter of the law, issued $660,000,000 of what are popularly called "Federal Reserve bank notes." These are in nature greenback currency. They have no security behind them other than the general credit of the government. They were issued by the Treasury through the Federal Reserve banks just as any other Treasury currency is issued, and precisely as unsecured greenbacks would be issued. These notes were never liabilities of the Federal Reserve banks; from the first they have been liabilities of the Treasury. Furthermore, by issuing these notes in this unlawful manner, these administrative authorities set aside a tax law of Congress. Had these notes been properly issued as liabilities of the Federal Reserve banks, these banks would have been compelled to pay a tax to the Treasury on the amount of notes outstanding.

This particular episode was so technical in nature that few Congressmen were able to see through it or to meet the arguments presented by the Treasury and Reserve authorities. And it is quite clear that the public in general had no comprehension of the fact that these administrative authorities put over on Congress and the American people, by a sleight-of-hand performance, $660,000,000 of paper money which is in nature unsecured greenbacks. By this manipulation the Treasury slipped itself $660,000,000 of purchasing

power to which it was not entitled.

It is transactions of this type that make it so important for Congress to be on the alert to protect the people against any further manipulations of our currency.

The power of our Treasury to depreciate the value of our money under Sections 8 and 9 of the Gold Reserve Act of 1934 are practically unlimted, and both Congress and the American people should wake up to that fact.

Experiences thus far would suggest that the good faith of Secretary Morgenthau is not sufficient protection against the manipulations which can be carried on, behind his back or without his full appreciation of their significance, by administrative staffs of the Treasury and the Board of Governors of the Federal Reserve System.

At the hearings before the House Committee on Coinage, Weights, and Measures on April 19, the Secretary assured that Committee that he would not devalue the dollar prior to June 30 under authority of Section 12. And he pointed out that he would not object to the repeal of the greenback provisions of the Thomas Inflation Amendment of May 12, 1933. At various times in the past he has stated that he would be quite willing to have our disgraceful silver purchase and silver subsidy laws stricken from our statutes. On the retention of Sections 8 and 9 of the Gold Reserve Act of 1934, it was the Treasury staff rather than Secretary Morgenthau which was insistent.

That staff has been alleging over and over in recent years that this power and the President's power to devalue the dollar give the Administration a club behind the door in dealing with foreign nations. That argument is utterly fallacious. The staff has merely made allegations of this sort; it has never been able to demonstrate just how the power to depreciate our currency would be a club over any other nation whose currency is depreciated or might depreciate. This argument has no other meaning than that the weakest currency is the best. In 1941, fifty-four monetary economists attacked this delusion, and on April 19, this year, forty-eight of them again pointed out the basic fallacy in this notion. This, among other things, is what these forty-eight monetary economists said on April 19:

"It would be well for the people of this country to remind themselves, when they hear the argument that depreciating foreign currencies might suggest the desirability of continuing the power of the President to lower the gold content of the dollar, that during the period from 1919 to 1923, when the British pound sterling was unstable, when the French and Belgian francs and the Italian lira were falling rapidly in value, and when the German mark was plunging toward a trillionth of its former value, the dollar remained firmly anchored to gold at an unchanged weight, and that this firmness of the dollar was then regarded, and properly so, as both a source of great strength to this country and as a stabilizing factor in a most unstable world economy. The fallacious notion that the better currency should pursue the weaker ones in the latters' downward course dates roughly from 1933-1934. The reason for this modern delusion is not easy to explain since the contention is equivalent to saying that the weakest currency is the best. But when this argument has been advanced, its advocates have usually failed to indicate which of the depreciating foreign currencies is the most desirable standard."

These forty-eight monetary economists said further:

"The power to devalue our gold and silver stock provides an asset-watering device by which our government can write up its gold and silver assets in dollars against its liabilities. Any government may write off any amount of debt by the use of this device. It is an old trick; it was employed in early times by dictators, autocrats, and corrupt monarchs who were willing to debase the people's currency as a means of enriching their treasuries. It is assumed that responsible governments in modern times will avoid devaluation unless forced to it by loss of gold reserves, since devaluation of a nation's currency injures the people whose currency is devalued. . . ."

They said further:

"Competitive devaluation of currencies is, among other things, a struggle by nations to make it easier for foreigners to purchase their goods and services. It is a means of cutting prices to foreigners without extending the same benefits to the people at home. At the same time it increases the costs of imports, to the country which devalues its currency, above what they otherwise would tend to be. The notion that it is to the advantage of a nation to make its currency buy less in international trade and the currencies of other nations buy more rests upon a confusion of real wealth with means of payment.

"The dollar has had a fixed weight since Jan. 31, 1934; an ounce of gold has been given a steady value of 35 gold dollars since that time. There is no reason why this should be changed during the war or post-war period of currency stabilization. There is nothing to prevent other nations anchoring their respective currencies to our gold dollar in accordance with the properly estimated values of those currencies when the time for stabilizing the foreign exchange values of their currencies arrives."

The existence of the powers to depreciate our currency by various devices and the tendencies shown by some of our administrative authorities to use these powers and even to violate existing laws with respect to how our money shall be issued provide Congress with urgent reasons for acting promptly and thoroughly in reclaiming monetary powers reposed in it by the Constitution but delegated through various poorly-conceived laws to administrative bodies. Every monetary statute which threatens the future value of our currency and of the past savings of our people and of the bonds in which they are now investing so heavily and with great patriotism should be struck from our statute books.

When the Treasury staff asks Congress to permit them to retain Sections 8 and 9 of the Gold Reserve Act of 1934, let them reread the Treasury release of March 22 in which it was pointed out that "at the present time there are over 50 million investors in War Bonds, and 25 million participants in payroll savings alone.

Let Congress not forget that it, as well as the Administration, is a party to the unfortunate conflict in policies involved in its sales of bonds to the people while the Administration seeks to retain powers to impair the value of these investments.

Let Congress look around and see how the wages and salaries of the great mass of people are flowing into government bonds and then reflect that up to date it has made only a beginning in the field of currency legislation to protect the value of these savings of an over-burdened people who are trying to buy and to hold these bonds.

It has been clearly demonstrated that no correction of this indefensible fiscal and monetary situation, and no certain protection to the American people in these matters, can be had outside Congress. Let Congress, therefore, not fail in its duty to provide that protection.

Just a few words regarding "inflation": I should like to suggest that we drop that word from our vocabulary and say precisely what we mean. If we are talking about a rise in the price level, let us use those words. If we are talking of an increase in the cost of living, let us say so. If we are thinking of a monetization of the Federal debt by the banks, let us say so. If we have in mind the issuance of an inconvertible paper money, let us state specifically what we are talking about. The word "inflation" has a multitude of meanings in this country. Monetary economists are not agreed upon its use. The term often, if not usually, is but a cloak for vague and frequently inconsistent concepts. Apparently there is nothing to be gained by its use, and all of us would find our discussions and debates more profitable if we described specifically the phenomenon which we think we have in mind. Like other monetary economists, I have my own definition of inflation, but, while it is satisfactory to me because I think it is free from inconsistencies, I doubt seriously that it conveys any notion that cannot be dealt with by the use of other terms that are definite and easily understood.

There is another big question before the American people that has a direct bearing upon the ultimate fiscal and monetary solvency of this nation as well as upon our efficiency in winning this war and upon the health of our economy now and in the long run. This is the matter of price fixing.

On this very large and extremely complicated problem I shall undertake to make only a few observations: In time of war I should say that it is necessary to decide clearly just what things come first. I should place an increase in production as of first importance and stabilization of prices as a secondary consideration. I am convinced that in much of our discussion of production and the control of prices today we are placing the latter ahead of an increase in production.

The economics of the matter would seem to be this: When an increase in prices will induce greater production, prices should be permitted to rise. Where a rise in prices clearly will not induce greater production, then we might undertake to stabilize them as a protection to the purchasing power of our people.

Price fixing at the very best invites all sorts of maladjustments which the best of administrators cannot foresee. This is due largely to the fact that prices are generally fixed with respect to forces of supply and demand which are probably far more normal than those which prevail under subsequent pressures of war demands.

Although these principles are stated in simple terms, they can be applied to any price situation—for example to agricultural prices, to the question of incentive wages, to rent controls, and so on. These principles rest upon the experience of mankind and upon the lessons learned by economists throughout many generations and even centuries.

It seems reasonably clear that a large proportion of the current claims regarding the virtues of price stabilization in time of war rests upon wishful thinking and guessing and unsupported assertions rather than upon economic principles and the lessons of the past.

In this connection, it is my belief that we should not only increase war production in every way possible but at the same time do everything we can, and more than we have been doing, to encourage production in civilian lines. If people who are engaged in civilian enterprise cannot produce and if their incomes decline sharply, their ability to pay taxes likewise will decline, the government will find greater difficulty in marketing its bonds, and we will be forced to place an even larger amount of bonds in our banks. We may even be forced to resort to the issuance of inconvertible paper money.

As a part of our obsession with the virtues of price fixing, combined with the inadequate consideration given to the greater importance of productive activities, we have our endless rulings and regulations and prosecutions and general harassing of people who in general would like to do the right thing. All these things can and probably will result in many unfortunate episodes that could and should be avoided.

In brief, it is my judgment that many prices ought to rise and will rise, that the cost of living should and will increase, that the mass of people as a consequence will suffer and should be expected to suffer, and that we will end up with all sorts of maladjustments and stresses and strains out of which we will attempt to rescue ourselves as best we can. If the war ends in the near future we may make the readjustments reasonably well. If the war drags on several years, and if we continue as we are with respect to our price controls and endless regulations, then the resulting maladjustments promise to be serious. These maladjustments will accentuate the great fiscal and monetary problems with which we will be faced. It does not appear that any man can foresee at this time what the end will be. But there are certain prudent courses that we can follow. I think I have suggested for your consideration the proper ones with respect to monetary and fiscal affairs and with respect to production and the regulation of prices.

N. J. Municipal Bonds Statistical Hand Book

The Eleventh Annual Edition of the Statistical Hand Book of New Jersey Municipal Bonds, prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, is now ready. Copies of this 1943 edition may be had from the firm upon request.

Bank Stock Attractive

Stock of the Irving Trust Company offers an interesting possibility for investors, according to a circular being distributed by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

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STANY Ambulance Fund Contributions Mount

Contributions to the Security Traders Association of New York drive to raise funds for ambulances for the United States Armed Forces are still pouring in, the Committee in charge reports, and have ranged from one dollar to a complete ambulance. Checks for contributions should be made payable to the Security Traders of New York Ambulance Fund and may be sent to any member of the committee, of which Walter Saunders of Dominion Securities Corporation is chairman.

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A Bank Of International Cooperation: A World RFC

(Continued from page 2367)

that the cost will probably be added to that of the war. The real purpose of such aid should be two-fold: to help in the rebuilding of the wealth producing mechanisms of the aided countries, and by so doing, to provide jobs for returning soldiers and civilians and the opportunity to reestablish their normal means of existence.

If, however, the post-war aid is to finance or help establish some new ideologies in government or social life, it is difficult to believe that the people of the United States, or of any other fairly solvent country, will wish to jeopardize that solvency by underwriting some untried financial or social scheme.

On Feb. 12 last the writer appeared before the Foreign Affairs Committee of the House of Representatives during the hearings on the extension of executive powers under the Lend-Lease Act. Members of the Committee had questioned the various witnesses from the executive departments rather pointedly as to the usage of Lend-Lease funds and materials. The evidence developed is not pertinent to this article, but one fact became quite clear; namely, that Lend-Lease materials are supposed to be our participation in the war effort and that the recipients do not expect to make repayment in kind.

The history of the so-called war debts of World War I are well known to us all. It may be remembered that three billion dollars of the so-called "post-war debt" was incurred between the Armistice and 1920, in an abortive attempt to stabilize foreign exchange.

Instead of allowing the Lend-Lease transactions to become the source of controversy in a similar manner after this war is won, the American citizens may have to make up their minds to forget them. Having adopted the principle of "mutuality" during the present war, the American people should insist on the theory of mutual effort in any plan for post-war rehabilitation. And, of greater importance, they should demand that all parties in the joint undertaking put up real values instead of economic theory.

With this thought in mind the writer proposed a plan for a bank of international cooperation. This bank would operate in a somewhat similar manner to our own Reconstruction Finance Corporation. It would undertake through its credit operations not only immediate aid in relief assistance after the war, but would also embark upon a long range program of industrial and commercial rehabilitation throughout the nations that have suffered the ravages of war.

As international trade is based on domestic prosperity the building up of the financial and economic strength of a country would tend to keep its international balance of payments in equilibrium. The loaning of foreign exchange is at times necessary to offset temporary unfavorable periods of international balance of payments which might occur due to a crop failure or some other similar cause. But unless the basic ability of a country to produce and export is built up, what may appear at the outset as only a temporary unfavorable condition may become permanent.

Naturally the first requirement of such a bank would be capital. As it is admitted that the currencies of some nations likely to participate will be unstable, purchase of the capital shares of the bank with these currencies would not provide the sound basis demanded of such an institution. Except for the United States most of the United Nations lack any reserves of monetary gold, we possessing almost two-thirds of this precious commodity. The word commodity, however, brings many other sound values to mind.

Perhaps as never before in history this war has evidenced the real necessity, both in war and peace, of the many raw materials coming from all parts of the world. The Army and Navy munitions Board have mentioned 14 items as being of special strategic value; namely, antimony, chromium, coconut-shell char, manganese, manila fiber, mercury, mica, nickel, quartz crystal, quinine, rubber, silk, tin, tungsten. These items are essential for war production and are equally essential for civilian needs in peacetime. Without a full production of these and other such key materials, no rehabilitation program could even be commenced, to say nothing of fulfilling the requirements of the ordinary necessities of life.

It would be well for the American people to bear in mind that the exhaustion of our own natural resources will produce a future need to import many other such materials into the United States to maintain the high standard of living to which we are accustomed. We can never have too much tungsten, vanadium, quartz crystal or tin inside the United States in the future. The sources of these are exhaustible and there has been an enormous increase in their use for civilian and military production purposes. A "stock pile" of these materials above ground is no less valuable than the possession of mines below ground.

Only too late it was learned that Germany, through the manipulations of government-controlled cartels, had for years provided itself with such critical materials for armament purposes, while holding down the production or use in more peacefully disposed countries. In fact, even some of these countries themselves, under the guise of price stabilization, held down production of many critical materials, the lack of which we are only just overcoming. These critical materials can serve as the medium of purchase of the shares in the Bank of International Cooperation.

The Bank might be incorporated with a capital of five billion dollars. The statute will provide vide among other powers, later to be described, the right to sell its debentures to the extent of five times the paid-in-capital fund. As the United States will be the chief creditor nation of the world for many years to come, and probably the largest purchaser of the debentures, it would follow that we should be the principal stockholder and that the Bank itself and stock pile of critical materials belonging to the Bank be lodged within our shores.

The list of critical materials that might be acceptable for payment in the purchase of the Bank's shares is a long one—150 items have been so classified, including the 14 emphasized by the Army and Navy Munitions Board. Gold may be considered as one of these and it would be expected that the United States would make payment in this metal. Everyone of the other nations that might be associated with us in the undertaking either produce or control the production of other materials equally acceptable; for example, China, Tungsten ore; British Malaya, tin; Netherlands, Cinchona bark; Canada, nickel; etc. It would probably be argued that as all these materials are needed for the war effort none could be spared for bank capital purposes. The answer to this is that the Bank will not operate on a full scale until the war is won, when deliveries now made under Lend-Lease "in reverse" can then be made on account of the purchase of the Bank's capital shares.

The purposes of a stock pile of critical materials under the control of the Bank for International Cooperation are threefold: First, to give the Bank a capital structure based upon real values, which are within the ability of the participating country to supply; Second, to control the usage of these critical materials that their employment may be for industrial purposes and not again be used secretly for rearmament; Third, to be the means of controlling the operations of international cartels.

One means of stopping an inflationary price rise after the war, and certainly the principal means of getting the world back to work, will be through an "economy of plenty." The general policy of cartels is to restrict production particularly of raw materials. The existence of an independent stock pile of critical materials will tend to force cartels into full production.

The statute of the Bank would provide that it be under the control of two boards of directors. The senior or policy board will be composed of a suitable number of the nationals of the participating countries in proportion to their stock interest. These men will be chosen for their outstanding success in their particular field of endeavor, such as medicine, engineering, chemistry or the law. From this Board should come decisions of general policy as to the best means of helping the post-war world bind up its wounds and recommence its industrial life on a sound basis.

The second or technical board, chosen in the same manner, should consist of men with a practical knowledge of business in its larger sense. Men who have had experience in negotiating foreign contracts, shipping, banking; in other words, world trade.

The general purpose of the Bank would be the granting of credits for basic wealth-producing purposes, on such terms and for such maturities that the risks would not be acceptable to ordinary commercial banking institutions. While it would be hoped that the Bank would suffer as few losses as possible, the Bank would depend for repayment of its credit advances on the basic soundness of the purpose, if given a sufficient length of time to be fully developed, instead of the usual factors taken into account in making a commercial loan.

The statute of the Bank would place no limit on the scope of its operations. It should be permitted to lend with or without security in any section of the world; deal in and purchase outright or sell any raw or semi-finished materials; buy or sell or own real estate; purchase or sell and own foreign currencies or foreign securities, private or public.

Instead of attempting to organize branches or agencies throughout the world, the Bank should operate only through the Central Banks of Issue of the nations with which it has dealings. The Central Banks of Issue, of which our own Federal Reserve System is one, are the banks for the bankers. Central Banks of issue generally have no direct dealings with the individual citizen. Each confines its activity to aiding its national Treasury Department in its financial operations, such as the issuance of currency. It also makes loans to private commercial banks by discounting certain types of their commercial paper.

The Central Banks of Issue have their own branches and financial contacts and are in the best position to supervise the proper employment of funds loaned for various rehabilitation purposes. Further, they are in a good position to make recommendations to the Board of Control of the Bank of International Cooperation, for loans to help stabilize currencies over difficult periods, or to cover some temporarily unfavorable balance of payments between countries that may be later corrected by ordinary trade means. This particular operation would obviate the necessity of forming any special credit union as proposed in the Keynes or United States Treasury plan heretofore mentioned.

Rehabilitation, to be on a sound basis, must start from the bottom up, rather than the top down. In any country that has suffered invasion and devastation, the first requirement will be relief assistance of all types; second, will come the reconstruction of normal public service requirements; third, the reconversion of industry to peacetime production; fourth, but of great importance, the reinstalling of returning soldiers on the land or in their small business undertakings.

Many of the above items can be cared for out of the domestic economy of the country involved and need not be attended to "overnight." Others, however, must be attended to without any delay. Neither the liberated population nor returning soldiers will be in the frame of mind to await the working out of fanciful economic theories. Whether these unsettled, war-weary people will be led by revolutionary rabble rousers, or will desire to follow the road to recovery by work, will depend upon that road being open and the means of work at hand.

If any such a plan as the proposed Bank of International Cooperation is accepted, and if it is decided as proposed to use the Central Banks of Issue and their branches and affiliates as the agents of the International Bank, it would be possible to set up a skeleton organization prior to victory and the armistice. In fact, as our armies advance and the Axis forces are driven from one ravaged country after another, the Bank of International Cooperation could move in and start in a "piecemeal" manner its rehabilitation work, thus gaining experience by setting up islands of progress that would stand as examples and beacons of hope to those countries yet to be delivered, and as bulwarks of resistance against revolutionary influences that might tend to further complicate the difficulties of our reconstruction era.

The CHRONICLE invites comments on the plan suggested by Representative Dewey, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce Street, New York.

Post-War Aviation

(Continued from first page)

from New York to Chicago and crusing at speeds in excess of two hundred miles an hour, and others cruising at two hundred and fifty to three hundred miles an hour which can cross the continent in ten or twelve hours, are now in operation, though not available for commercial flying. Some of them were already in use before the war; many have been added since. All are stripped down and the newer ones redesigned in certain ways to carry vitally needed material both on domestic and overseas routes. The length of time it will take to get the war paint off an Air Transport Command cargo plane and install passenger equipment is variously estimated at from three to six months.

However, these planes are already outmoded so far as aeronautical design is concerned, and it is considered uneconomical by the aviation industry to use them any longer than is necessary after the war. It is hoped that our airplane manufacturers will be permitted to take advantage of the advances already made by aeronautical science by putting newer designs into production soon, so that the peace will not find us unprepared as the war did.

Following this transition period, we can expect to be flying ships seating one hundred to four hundred passengers at cruising speeds approaching three hundred miles an hour.

I do not believe that the Goliath of the future, however, will supplant the smaller type of plane, any more than it will supplant other forms of transportation. I do believe that air service will be available to every city in the United States. What type of plane and service will depend on the volume of traffic, both passenger and cargo, which that city will provide. Cities not lying on the express skyways will probably be served by the small short-range, low-altitude and relatively low-speed maximum utility airplane. They might even be served by helicopters or gliders. Medium-range planes, carrying from twenty to fifty passengers, will fly the longer distances, with high-altitude, de luxe planes in transoceanic and transcontinental service.

Any specific prediction as to the all-cargo plane of the future would be pure conjecture, for the final solution has not yet been found. The Air Transport Command is doing a magnificent job with converted peacetime passenger planes and bombers. That traditional mother of invention will certainly not be balked when the need arises for a low-cost plane designed for cargo only.

Not only will air service be accessible to everyone in the United States. It will also be within reach of his pocketbook. And because one of the greatest field for expansion after the war will be in international operation, it will put the world at the doorstep of the common man.

FIC Banks Place Debs.

An offering of $44,615,000 consolidated debentures of the Federal Intermediate Credit Banks was made June 22, at par, by Charles R. Dunn, New York, fiscal agent for the banks. The offering consisted of two issues, viz.: $19,240,000 0.75%, due Jan. 3, 1944, and $25,375,000 0.80%, due April 1, 1944. Both issues are dated July 1, 1943. Of the proceeds from the sale of the debentures, $43,475,000 will be used to pay off a like amount of maturing issues due July 1, 1943, and the balance is for new capital purposes. At the close of business July 1, 1943, the banks will have a total of $293,125,000 debentures outstanding.

Nat'l City Bank of Cleve. Situation Of Interest

The current situation in National City Bank of Cleveland offers attractive possibilities according to a circular being distributed by Otis & Co., Terminal Tower, Cleveland, Ohio. Copies of the interesting circular may be had from the firm upon request.

Situations Look Good

J. F. Reilly & Co., 111 Broadway, New York City, have prepared interesting circulars on Botany Worsted Mills, Punta Alegre Sugar, Consolidated Textile, and York Ice, which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had from J. F. Reilly & Co. upon request.

Municipal News & Notes

Municipal collections of current property taxes continued to improve in 1942 in the great majority of cities, Dun and Bradstreet, Inc., states in its annual compilation of tax delinquency. A perceptible decline was noted last year, however, in the rate of combined collections of both current and delinquent taxes.

Total tax collections in relation to current levies were above normal last year, according to the survey, which was started in 1930.

The median year-end delinquency on current tax levies for 150 cities of more than 50,000 population was 6.0% in 1942, compared with 6.8% in 1941, the survey shows. In the earlier years of the depression of the 1930s the median rose from 10.15% in 1930 to 26.35% in 1933. Improvement set in thereafter, and by 1939 the figure was 9.25%. In the last three years improvement has been sharp and sustained.

One factor that contributed to gains in 1942 is the intense demand for available housing facilities in areas of industrial production, it is indicated. Most cities, moreover, were able to keep property taxes from rising appreciably. The outlook for property tax collections in 1943, based on preliminary data, is said to be good.

Jersey City Bonds Show 10% Price Rise

Since early this year when the City advertised its financial condition Jersey City's outstanding $61,634,385 bonds have shown a market improvement of approximately $6,165,000, or about 10% in price in this short time, with a corresponding improvement in the City's credit to date, measured in terms of average reduction in interest yield, of about 28%, according to a report of the City's financial advisors made public yesterday by Frank Hague, Mayor. In making public the report the Mayor said:

"Because of the damaging effect of the untenable charges and unwarranted statements made last Fall by Governor Edison and Homer Zink, Comptroller of the State of New Jersey, Jersey City decided to advertise, in the leading newspapers and financial publications throughout the country, its complete financial record of the past seven years ended Dec. 31, 1942. This was necessary to protect the City's creditors and taxpayers alike, the market for Jersey City's securities having been seriously disturbed.

"Raymond M. Greer, financial advisor to the City, in conjunction with Wainwright, Ramsey and Lancaster, New York municipal financial consultants, recently submitted to me a report on the improvement in the City's credit resulting from wider public knowledge of the City's financial status brought about by the City's advertisement published on Feb. 4, 1943.

"Because of the irrefutable progress made in this short time I am pleased to make public the report of the City's financial advisors."

The report of the City's financial advisors follows:

"There has been a marked gain in public confidence in Jersey City's credit brought about by the widespread publicity given to the City's financial record of the last seven years. This can be traced by examining the trend of Jersey City bond prices in the past six months. The following statement indicates the approximate interest yield obtainable on 5-, 10-, 15-, and 20-year bonds as of December, 1942, and June, 1943.

Bond Life	Approximate Interest Yield Dec. '42	June '43	% Change
5 years	3.65	2.45	32.9
10 years	3.80	2.75	27.6
15 years	3.90	2.90	25.6
20 years	4.00	3.00	25.0

"Thus the credit of the City, measured in the increased price of its bonds and the resulting reduction in interest yields, has improved an average of approximately 28% in the past six months. This improvement in Jersey City's credit far exceeds the improvement in the general market for municipal bonds—Jersey City 20-year bonds having shown an improvement of 100 interest basis points reduction in yield in the last six months, while the change in the average of representative 20-year municipal bonds, according to the Bond Buyer's index, is only 23 basis points—2.16% on Dec. 1, 1942, vs. 1.93% on June 1, 1943.

"What does this mean to the taxpayers when the City borrows money? On a 20-year serial issue of $1,000,000, for instance, a reduction of 1½% in interest cost means a saving of $157,500 to the City.

"What has it meant to the creditors who hold the City's outstanding bonds? The average increase in the value of the total of $61,634,385 of Jersey City bonds outstanding at the close of 1942 has been about $100 a bond. This means that the total of Jersey City bonds is worth $6,165,000 more today than six months ago, or a 10% increase in market value.

"Here is the true measure of the benefits derived by the City's taxpayers and creditors from giving widespread advertising to the true information concerning the City's finances. The results shown to date indicate that the general public is becoming more and more aware of the strong financial position and consistently sound budgetary management of Jersey City."

Triborough Authority Warns Minority Bondholders Of Default Danger

In an announcement directed particularly to holders of $48,500,000 serial revenue bonds of Triborough Bridge Authority, General Paul Loeser, General Manager and Secretary of the Authority, asserted on June 21 that holders of $58,243,000 of the $98,500,000 outstanding serial and sinking fund revenue bonds of the Authority have so far approved the plan designed to prevent a default of interest on August 1, resulting from declining revenues incident to wartime gasoline and rubber restrictions.

He emphasized, however, that unless holders of approximately $10,000,000 of the Authority's serial revenue bonds take prompt steps to give their consents in proper form, it may be impossible to prevent a default.

With his announcement, General Loeser issued the tabulation shown below, indicating the respective amounts of serial revenue and sinking fund revenue bonds whose holders have already consented to the proposed amendments. Since approval by holders of 66⅔% of all the bonds and of 50% of both the serial and sinking fund bonds, is essential to the adoption of the new plan, the tabulation makes clear that consents must be promptly obtained from holders of nearly $10,000,000 of additional bonds in order to insure avoidance of default.

	Serials	Sinking Fund	Totals
	(000 omitted)		
Consents received and completed	$14,242	$32,556	$46,798
Consents received—but not yet completed	7,729	3,716	11,445
Total	$21,971	$36,272	$58,243
Required for adoption of amendment	$24,250	$25,000	$65,667

The new plan, submitted by the Authority to bondholders on May 29, calls for amendments to the resolution under which the bonds were issued in 1940 which would make available to meet current bond charges certain funds and revenues which, under the original resolution, must be held for reserves and other purposes.

General Loeser added: "The management of Triborough Bridge Authority appreciate the expression of confidence which has been so promptly given in the approval of the plan by holders of over $58,000,000 of the outstanding bonds in the short space of less than three weeks. It would be most unfortunate if the indifference of holders of less than 12% of the entire amount of bonds should precipitate a default on August 1 from which all holders would suffer. No deposit of bonds is required in the procedure necessary to give consent to the plan."

Blyth & Co., Inc., Syndicate Markets Imperial Dist. Bonds

A nationwide syndicate headed by Blyth & Co., Inc., New York, and Kaiser & Co., San Francisco, made public offering June 22 of $13,815,000 Imperial Irrigation District, Calif., second refunding bonds, dated June 21, 1943 and due Jan. 1, 1983. The group obtained award of the bonds on the previous day, naming a price of 97.965 for $8,555,000 series A as 3½s, $1,000,000 series B as 3¼s, and $4,260,000 series C as 3¼s. District will apply the proceeds of the issue to the payment of outstanding first refunding bonds, all of which have been called for payment on July 1, 1943.

The successful banking group re-offered the series A bonds, which are redeemable at par at the district's option on any Jan. 1 or July 1 from Jan. 1, 1948 to Jan. 1, 1967, at prices from 102 to 104, depending on their callable dates. The series B bonds, redeemable at par on any interest date on or after Jan. 1, 1948, were priced at 100.75, and the series C, callable at par on or after Jan. 1, 1968, were offered for investment at a price of 101.

Warns Cities of Declining Taxable Sources

Dr. Charles E. Merriam of Chicago, Vice-Chairman of the National Resources Planning Board, in addressing delegates attending the 38th annual conference of the Municipal Finance Officers Association in Pittsburgh on June 17, warned that "hard thinking" is needed to save cities "headed at high speed toward financial catastrophe" because the basis of their revenue systems is "slipping from under their feet." No adequate system for declining revenue is being generally found, Mr. Merriam said, adding:

"The personal property tax is fast disappearing. The real property tax is encountering severe difficulties with the withering of great sections of cities and the decline in the basic valuations upon which the tax is levied. I don't know the answer to this problem but I do know we are headed at high speed toward financial catastrophe. Somehow or other, the income of the city and its available revenues must be better balanced."

There is a need for "some hard thinking on the relative priorities of local, state and national functions and services and their relative shares in the available revenues intended for public purposes," Merriam advised. Post-war planning to prepare for the shock of demobilization of men and machines is needed to prevent municipal finances from becoming "hopelessly involved," he said.

The delegates endorsed maintenance of present municipal tax rates to create reserves for post-war developments.

In approving plans for post-war reserves, the delegates also suggested that where municipalities presently lack authority to create and maintain such reserve funds they be granted such authority by States or Provinces.

The following officers were elected: President, David V. Addy, Budget Director, Detroit; Vice-President, Joseph M. Cunningham, First Deputy Comptroller of New York City; members of the Board of Directors, Will E. Gibson, City Auditor, Portland, Ore.; C. R. Fontaine, City Treasurer, Quebec, Can.; and J. Ralph Toepfer, City Auditor, Buffalo.

Savings-Loan Units Should Encourage Repaying Old Debts And Growth Of New Savings, Says Bell

(Continued from page 2361)

power to keep interest rates low. My own opinion is that they do have such power and that they will use it."

Mr. Bell said that savings and loan associations, having about 80% of their assets in mortgage investments, should be among the first to urge mortgage debtors to take out war damage insurance. He added:

"Perhaps those institutions which have neglected war damage insurance will never miss it, certainly that is what we all hope and expect; but if they are wrong the penalties may be heavy."

The minimum war damage coverage for financial institutions, he said, might well include the following properties in or near the metropolitan area and defense areas: premises owned and operated by the company in its business, all "other real estate," property under assignment of rents, mortgaged property and any property, wherever situated, the loss of which would be a serious blow to the institution.

In welcoming payments on mortgage principal account before the due date, said Mr. Bell, "there should be no thought at this time of penalizing debtors who seek to prepay their obligations." He went on to say:

"This is particularly desirable with respect to mortgages on old properties because it is these older properties which are likely to come back upon the hands of the lender later on when new properties again become available.

"Such a policy is particularly desirable in boom areas. These areas are experiencing a shortage of housing at the same time that they are witnessing a great increase in the amount of money people have to spend. Later on when the war is over and the war orders diminish, such areas may experience a surplus of housing at the same time that there are reduced earnings on the part of borrowers."

In recommending that savings and loan associations recast straight mortgages and sinking fund motgages into direct reduction mortgages, Mr. Bell said that the association originated the direct reduction mortgage, calling for regular monthly amortization payments. "It is, therefore," he said, "entirely proper that savings and loan associations should seek to encourage the adoption of this type of mortgage generally and to eliminate the older, less desirable straight mortgages and sinking fund mortgages wherever they still exist."

By encouraging mortgagors to anticipate principal payments and by attracting new savings, Mr. Bell said, savings and loan associations could be prepared to "play their part in the world of broadened opportunity which we are resolved to build when this war ends." Continuing he said:

"It has been estimated that if the war continues another year the deferred demand for residential housing in this country will amount to $3,700,000,000. If the war continues two more years that deferred demand may reach $6,000,000,000.

"Here is a great field for private enterprise in the years to come. When those who are now turning out guns and planes and tanks turn once more to the arts of peace, we must find means of giving them the opportunity for full employment which they have been given in war. Housing can make a vital contribution to the solution of that problem."

$71.5 Billion For Army Voted By House

Without a dissenting vote, the House passed and sent to the Senate on June 21 a $71,510,438,873 War Department supply bill for the fiscal year beginning July 1, the largest appropriation measure in history. The roll-call vote was 345 to 0.

The bill includes $59,037,599,673 in new appropriations and $12,472,839,200 of unobligated prior-year appropriations, which are again made available.

The House Appropriations Committee reduced the War Department's original estimates by $387,986,827, mainly confined to the department's civilian activities.

For the present fiscal year, which ends on June 30, there was made available $43,000,000,000 in direct appropriations and $29,000,000,000 in reappropriations, making a total of $72,000,000,000.

The largest single item in the current bill is about $24,000,000,000 for the Air Corps providing for the completion of the Army Air Corps' program and covering the procurement of almost 100,000 planes, with spare engines and spare parts.

Other approximate totals are: Ordnance, $15,100,000,000; Engineer, $4,100,000,000; Chemical Warfare, $1,100,000,000; Medical Department, $600,000,000; Signal Corps, $5,600,000,000; Expediting production, $1,300,000,000, and the Finance Service, $12,300,000,000.

Seaboard Report Ready

A special study on the significance of Special Master Taylor's plan for the Seaboard Air Line reorganization has been prepared by L. H. Rothchild & Co., 120 Broadway, New York City, and is now ready for distribution. Copies may be had upon request from L. H. Rothchild & Co.

DIVIDEND NOTICES

Wistar Ambler Co. Formed

Wistar Ambler is now engaging in a general securities business from offices at 31 Nassau Street, New York City, under the firm name of Wistar Ambler Co. Mr. Ambler was formerly associated with F. Eberstadt & Co. and Peter Morgan & Co.

Big TNT Plant To Close—Lack Of Need Of Product Due To Changing Requirements Of Armed Forces

The huge Lake Ontario Ordnance Works, in operation nine months, will stop production of TNT July 31 because, its commanding officer said on June 22, of the lack of need for its produce "due to the ever-changing requirements of the armed forces."

Associated Press advices from Modeltown, N. Y., had the following to say regarding the plans:

The sprawling plant, covering about 7,500 fruit-rich acres in Niagra County, is government-owned and operated by a contractor, the Chemical Construction Corp. Its initial TNT unit began operations Sept. 28, eight months after ground was first broken. The government acquired some of the finest fruit farms in the area in purchasing the land for the plant's site in the towns of Porter and Lewiston.

Lieut. Col. Stanley C. Shubart, commanding officer, in announcing the stop-work order, said:

"It is unfortunate that the demands for war materials change even during war and that fine plants such as ours must be affected by such changes."

He asserted that because of the critical need for war workers, arrangements were being made to "assure prompt and proper placement of all employes on completion of the work." Chemical Construction, he added, is working closely with the War Manpower Commission and the personnel will be released to other war industries.

"The number of workers at the plant was not disclosed. Officials would give no information as to the property's future disposition.

"The plant has its own water supply system, adequate to meet the need of a city of 100,000. It has a power plant, railroad and transportation systems, telephone and electrical distribution system, fire department and well-equipped hospital.

"The works was the first explosives plant in the country to employ women in the acid area F. Allen Hall, manager of Chemical Construction, said. More than 7,500 men were employed during the plant's construction period. Thirty-three miles of roads were built, and 5.58 miles repaved. More than 500 buildings were constructed, exclusive of temporary structures used during construction."

Growth Of Ins. Stocks As Prime Investments

There has been a remarkable growth in appreciation of insurance stocks as prime investments according to a pamphlet issued by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of this pamphlet containing interesting comparative figures and a summary of the situation may be had upon request from the Insurance Stocks Department of Mackubin, Legg & Co.

Holsapple Admits Ward

John R. Ward will be admitted to partnership in Holsapple & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, as of July 1.

Crawford Says Preservation Of Free Press Is Essential To Free Economic System

Frederick C. Crawford, President of the National Association of Manufacturers, told publishers of the nation's smaller newspapers in Cincinnati on June 19 that loss of freedom of the press would mean the "end of our free competitive system which, in 150 years, has raised the masses . . . from poverty and degradation. In a speech prepared for delivery before a convention of the National Editorial Association, Mr. Crawford, who is also President of the Thompson Products, Inc., deplored what he described as any trend toward government subsidies to newspapers in the form of "disguised advertising."

Mr. Crawford's further remarks were reported by the Associated Press as follows:

"The heart of the matter is this: We need a reaffirmation, a rebirth of faith in the system of free enterprise. The greatest drawback to prosperity in the post-war era is the uncertainty of government's real attitude toward private enterprise.

"America can solve all her other problems if we can preserve free speech and a free press. Given freedom of communication, we can freely pool our knowledge and theories, we can thresh out differences in debate, we can work out formulae of conciliation and co-operation."

Observing that "it is only the politicians and the planners who can guarantee a job for everyone as soon as the war ends," he continued:

"The job that industry can assume, with confidence in its own ability, is within humanly reasonable time, to create new jobs for the American people in the future as it has done in the past. Industry does not guarantee jobs. It does something more important. It creates jobs. Free and easy talk of 'guaranteed jobs' and huge spending programs by government only shake men's confidence in a good future.

"The past record of American industry is overwhelmingly on the side of health and sanity.

"This is the popular verdict for which industry will continue to strive with the indispensable help of you editors. . . . This is the story which industry will be able to lay before the forum of American public opinion if industry is not cut off from access to the public ear."

John Miller Now Is With Halle & Stieglitz

NEWARK, N. J.—John M. Miller has recently become associated with Halle & Stieglitz as assistant manager of their Newark office at 744 Broad Street. In the past Mr. Miller was local manager for Libaire, Stout & Co.

R. K. Kaufmann To Admit

Irving Feig July 1 becomes a partner in Richard K. Kaufmann, Alsberg & Co., 120 Broadway, New York City, members of the New York Stock and Curb Exchanges.

Panhandle Eastern Debentures Offered

A banking group comprised of 18 members headed by Glore, Forgan & Co., Kidder, Peabody & Co., and The First Boston Corp., on June 22 made a public offering of a new issue of $10,000,000 ten-year 2¾% debentures of the Panhandle Eastern Pipe Line Co., due June 15, 1953. The debentures were offered at a price of 101 and interest.

Other banking firms associated in the underwriting are: Blair & Co., Inc.; Eastman, Dillon & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Lee Higginson Corp.; White, Weld & Co.; Hallgarten & Co.; Harris, Hall & Co. (Inc.); G. H. Walker & Co.; Baker, Weeks & Harden; Graham, Parsons & Co.; Mitchum, Tully & Co.; The Wisconsin Co. and Dean Witter & Co.

Proceeds from the sale of the debentures will be used by the company for payment of, or reimbursement for, a part of the cost of its 1943 construction program, the entire cost of which is presently estimated at aproximately $11,000,000.

Panhandle Eastern Pipe Line Co. is engaged in the production, purchase, transmission and sale of natural gas, the major part of which is sold to gas distribution companies for resale, the prospectus states.

In March of the present year Columbia Oil & Gasoline Corp., at that time the beneficial owner of approximately 50.1% of the outstanding common stock of Panhandle Eastern Pipe Line Co., sold such stock to Phillips Petroleum Co., which purchased such stock, half for its own account and half for the account of Missouri-Kansas Pipe Line Co. This sale was made pursuant to a plan approved by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935.

SEC Orders Hearing

The Securities and Exchange Commission has ordered a hearing for June 29th at its New York Regional office to determine whether the broker-dealer registration of the Renaud Corporation, 120 Liberty Street, New York City, should be revoked or suspended. The action was taken as a result of the firm's being permanently enjoined by the Supreme Court of New York from continuing "certain conduct and practices" in the sale of securities.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2360)

were down to 138.07. The last time the averages got down so low was on June 15 when they made a low of 138.21. You will note, however, that the lows of last Tuesday broke the previous low by almost a point. The rails followed suit. They, too, sold off.

* * *

Last Tuesday they got under their June 15 lows. Both averages have therefore made new lows on the recent decline. But in neither case have either of them violated the old lows by a full point. This last is important. For if the averages are to give a clear-cut signal they must break a previous low (or high) by at least a full point. This means that the bearish implications of last week's market action have been slightly dispelled.

Whether or not this means an end to the present decline remains to be seen.

If both averages were now to advance they would first have to penetrate previous resistance levels; that is obvious. For the industrials this figure would be 141; for the rails 36. Given advances to across these two figures by both averages would be bullish. But before I want to go on record with recommendations on the assumption that they will so behave I have to see at least two or three days more of market action. Incidentally, a penetration of either of these levels would lose much of its significance if it were done on small volume. So until I see something more of this market my advice will have to be—keep your head down and your cash in your pocket.

* * *

You still hold three stocks. These are National Distillers with a stop at 30½; Newport Industries with a stop at 14, and Raybestos-Manhattan at 28. As none of these figures were broken I suggest holding. But the profit-taking prices and the stops applying to these stocks still hold good.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Can The United States Support A 300 Billion Dollar Debt?

Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly or indirectly, in whole or in part? Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to supply an answer to this question of primary concern to the entire nation and, at the same time, discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution of the problem, in an extremely timely article, bearing the above caption, which appeared in the "Chronicle" of May 13.

In line with its suggestion, the "Chronicle" received various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Some of these letters were given in previous issues and others are given herewith:

WILLIAM P. YECKLEY
Executive Secretary, Pittsburgh Real Estate Board

I called attention to Dr. Saxon's article in the monthly meeting of our Board of Governors yesterday afternoon. They decided to send reprints, if obtainable, to each of our 450 members. Accordingly, we should appreciate having 450 copies of this reprint if available.

FRANK WALLACE NAGGI
President, New Jersey State Economic Association, Inc.

I have read with interest the article, CAN THE UNITED STATES SUPPORT A 300 BILLION DOLLAR DEBT? by Dr. Olin Glenn Saxon, and unhesitatingly endorse his views with which I am in complete agreement.

RALPH H. BEATON
Columbus, Ohio

This article is the best thing that I have read yet on this highly important subject and I want to pass copies of it on to a number of my friends.

ROBERT E. ADAMS
Atlantic Highlands, N. J.

The writer states that a public (Federal) debt of $350 billion can be paid. This is, to my way of thinking, an invitation to the most extravagant government the world has ever seen to keep on throwing money around as it has been doing in late years, and it will give them a margin of $225 billion over our present debt of $125 billion to fritter away. And they need little coaxing to increase their extravagance.

It took several centuries of great energy, sacrifice and thrift on the part of the American people and the investment of much foreign money to build up our present national wealth of about $320 billion. And to glibly state that we can stand a prior mortgage of 100% plus on that wealth—much of which is non-reproducing—is simply bunk, so far as fact is concerned. No sane business man would advance credit to a firm that starts out with a debt of 50% more than its producing assets plus the investment lien of the cost of those assets. Failure would be certain. It cannot be any different with a government.

Dr. Saxon talks about "salvaging" some of this debt from lend-lease nations. The efforts to get some "salvage" from England, France or Germany since 1918 should indicate the probability of success in this matter. The works of J. M. Keynes, Joseph Caillaux, H. Moulton and many others, together with the admissions made in the report of the Dawes committee in 1923 as well as the success of the Dawes plan and all other efforts to get a nation to pay huge amount of indebtedness across its borders should have long since been determined to be impossible and such a suggestion as Dr. Saxon makes in the light of the past 25 years' experience seems strange to say the least.

Dr. Saxon also states that the unsalvaged balance of $300 billions could carry interest at 2%. Also, he states that we must have prosperity to carry this interest. Let us suppose that we do have prosperity and money is in its usual demand at 6% or thereabouts. Now if a man has a $1,000 government bond he will get—at 2%—an annual return of $20 on his investment therein. But if he had $500 invested in a commercial bond or stock at 6% interest, he would get $30 per annum—a 50% increase over the interest of the $1,000 government bond. Would he not, therefore, look to sell his government bond for $500 or half its face value in order to invest that $500 in a commercial bond or stock and get the higher return. The answer is obvious. And this very fact would lower the market value of the government bond at least 50%. Government bonds would become a drug on the market and in spite of Dr. Saxon's moral admonishment that the debt "can be paid and will be paid if our people have the moral fibre and economic good sense to do it" millions of our people will suffer great loss from such depreciation. Businesses whose capitals rest on government securities will experience severe difficulties.

Let me state what certainly is a natural law in this matter. Our public debt cannot be increased beyond that point where government can pay interest on it on a par with the interest of other sound securities. This is the basis of the English financing of the war and it should be the method of America. If we are back of this war with more than lip service we will stand the tax to do what England is doing.

I do not know how Dr. Saxon arrives at his conclusion stated on page 9 of his reprinted article: "Since a national income of $100,000,000,000 with a relatively static population will mean relative full employment and reasonable farm incomes. . . ." I can say, however, that neither the static population nor the size of our national income has anything to do with our employment. In 1921 we employed 37,550,000 workers with a national income of $52.7 billion while in 1910 we employed the same number on a national income of $29.2 billion. And gave them a better living in 1910.

It seems not to be understood that our national income is also the cost of our national production and as the one rises the other must of necessity rise. If they are forced up in amount by the infusion of artificial purchasing power into the economic movement thereby distorting its balance, we shall have unemployment and distress regardless of how high these figures rise. This has been the cause of our disturbed economic movement since 1920. In the 1920s unsound private credits furnished the artificial purchasing power that caused our great boom. It burst in 1929 and the economic movement was not artificially supported for two years but politics forced the retention of its distortion. In 1932, however, government took up the very same job of furnishing artificial purchasing power to keep up the distortion, the only difference from the 1920s being in the manner of its infusion into the economic movement. It was kept up and increased during the New Deal Administration and that is why we entered the war period with 12 million unemployed.

May I state to you one natural law that is easily provable—The foreign exchange value of our dollar delimits the purchasing power of the people of the United States. And it follows that our costs must accommodate that limitation. The ignorance of this natural law permits collective bargaining in our nation to exceed that limit. If then our production costs exceed our purchasing power we must drop our costs or we must pour artificial purchasing power into the economic movement to make up the difference. But this latter process is not a healthy one either to our nation or to the economic condition of the world. It cannot afford us full employment and is the reason why our war costs are rising to such a degree that such men as Dr. Saxon feel compelled to assuage the fears of the people. But to get to the truth would be the better plan, as it is the truth that will prevail in the end.

The purchasing power of the dollar is directly determined by the size of our national income and cost of production, which in turn is controlled by the foreign exchange value of the dollar. The more dollars in our national income and cost of production the less each dollar will purchase of that production. Political and labor forces in our nation have driven up national income and cost of production until we use many more dollars to circulate our production than the present foreign exchange value of the dollar will permit and excessive government borrowing supports this process. If, after the war, we stabilize our economy at present union wages, we must lower the foreign exchange value of the dollar in order to get the number of dollars to pay such wages, the profits on them and the taxes required. That means a cheap dollar. The only alternative to a cheaper dollar in the absence of a proper wage cost is continued borrowing by government of funds to use as artificial purchasing power. The latter process ultimately must cease as the extent of the borrowing capacity of our government will certainly be reached.

There is no way to adjust this matter unless there is more understanding of it among the general public. They must be made to know that there are natural laws which govern our national economy, just as there are natural laws which govern every other matter in the universe.

If we can take past history as the foundation for a prophecy, we can agree with Thomas Jefferson who wrote—probably a hundred times—that ignorance of vital matters will kill any self government. Today we have that ignorance and we see our self government rapidly slipping from us. The end of the war, when men will need employment, will see the crisis brought about by this ignorance. So long as men need articles of utility and our economy can provide such articles, we have only to find what is the cause of the blockage in the distribution of those articles, eradicate it and we need not worry about unemployment or our economic condition.

OTTO C. DOERING
Chicago

I have read "Can the United States Support a 300 Billion Dollar Debt?" by Olin Glenn Saxon, with great interest and should like to have two copies for my own use.

BUFFALO EVENING NEWS
Office of the Managing Editor

May we have your permission to reprint, with credit, the article on the $300,000,000,000 debt published by you May 13?

E. S. JOHNSON
Asst. Treasurer, West Virginia Pulp and Paper Company

In the May 13, 1943 issue of Commercial and Financial Chronicle, there appeared an article entitled, "Can The United States Support a 300 Billion Dollar Debt?"

I understand that you have reprints made on this article and if so, would appreciate receiving two copies of it. **I have already read the article and think that it should be given wide circulation.**

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 21 that the tenders for $1,000,000,000, or thereabouts, of 92-day Treasury bills to be dated June 23 and to mature Sept. 23, 1943, which were offered on June 18, 1943, were opened at the Federal Reserve Banks on June 21.

The details of this issue are as follows:

Total applied for—$1,374,628,000.

Total accepted — $1,006,087,000 (includes $71,938,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.910; equivalent rate of discount approx. 0.352% per annum.

Low—99.904; equivalent rate of discount approx. 0.376% per annum.

Average price—99.904; equivalent rate of discount approx. 0.374% per annum.

(66% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 23 in amount of $802,051,000.

Status of Cash Collections For Banks Closed On Saturdays

The Federal Reserve Bank of New York issued the following circular on June 15 regarding the collection of cash items drawn on banks not open for business on Saturdays:

"We are informed that, with some exceptions, banks located in the State of New Jersey will not be open for business on Saturdays from June 19, 1943 to Sept. 11, 1943, both inclusive, which have been made public holidays for the purposes described in section 36:1-1 of the Revised Statutes of New Jersey. In the circumstances, therefore, our head office will defer, until the next business day, credit for cash items drawn on or payable at members of the Northern New Jersey Clearing House Association for which credit would be given on such Saturdays if they were not public holidays; and our head office and Buffalo branch will defer for an additional day, i.e., for three business days after receipt, credit for cash items drawn on or payable at other New Jersey banks located in the Second Federal Reserve District which are received on Fridays to and including September 10, 1943.

"While we are further informed that certain banks located in the State of New York will not be open for business on Saturdays from July 3, 1943, to Sept. 4, 1943, both inclusive, we contemplate no changes in the current practices of our head office and Buffalo branch with respect to giving credit for cash items drawn on or payable at New York banks which will not be open for business on Saturdays during such period.

"It should be remembered that there will be a delay of one business day in returning cash items that may be dishonored by drawee banks which are not open for business on aSturdays during the periods mentioned above and in advising you of the fate of such items."

Interesting Study Available On Quar. Income Shares

The investment trust research department of Goodbody & Co., 921 Bergen Avenue, Jersey City, N. J., members of the New York Stock Exchange and other principal exchanges, has prepared an analysis on Quarterly Income Shares, Inc., a closed-end trust with a unique feature. Copies of this interesting study, which should prove valuable to dealers in investment trust issues, may be had by addressing the investment trust department of Goodbody & Co.

Calendar of New Security Flotations

OFFERINGS

PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. has filed a registration statement for $10,000,000 ten year 2¾% debentures, due June 15, 1953. Indenture provides for a sinking fund payable on June 15, 1946, and on each June 15 thereafter to and including June 15, 1952, sufficient to retire annually $1,000,000 principal amount of debentures.

Address—1221 Baltimore Avenue, Kansas City, Mo.

Business—Company is engaged in the production, purchase, transmission and sale of natural gas, the major part of which is sold to gas distribution companies for resale. Missouri-Kansas Pipe Line Co. owns 65.8% and Phillips Petroleum Co. owns 25% of voting power of securities of Panhandle Eastern.

Underwriting — Principal underwriters named are Glore, Forgan & Co., Kidder, Peabody & Co. and First Boston Corp., all of New York. Other underwriters will be named by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Company intends to use the net proceeds for payment of, or reimbursement for, a part of the cost of its 1943 construction program, the entire cost of which is presently estimated at approximately $11,500,000. Company says consumption of natural gas has increased with the expansion of industrial production in the war emergency.

Registration Statement No. 2-5152. Form A-2. (6-12-43).

In an amendment to its registration statement filed June 18 underwriters and the amounts underwritten are given as follows: Glore, Forgan & Co., N. Y., $1,350,000; Kidder, Peabody & Co., N. Y., $1,350,000; First Boston Corp., N. Y., $1,350,000; Blair & Co., Inc., N. Y., $475,000; Eastman, Dillon & Co., N. Y., $475,000; Hemphill, Noyes & Co., N. Y., $475,000; Hornblower & Weeks, N. Y., $475,000; W. E. Hutton & Co., N. Y., $475,000; Lee Higginson Corp., N. Y., $475,000; White, Weld & Co., N. Y., $475,000; Hallgarten & Co., N. Y., $375,000; Harris, Hall & Co., Inc., Chicago, $375,000; G. H. Walker & Co., St. Louis, $375,000; Baker, Weeks & Harden, N. Y., $300,000; Graham, Parsons & Co., Philadelphia, $300,000; Mitchum, Tully & Co., San Francisco, $300,000; Wisconsin Company, Milwaukee, $300,000, and Dean Witter & Co., San Francisco, $300,000.

Offered June 22. 1943 at 101 and int.

SECURITY INSURANCE COMPANY OF NEW HAVEN

Security Insurance Company of New Haven has filed a registration statement for 50,000 shares of capital stock, par value $10 per share, and subscription warrants evidencing rights to subscribe to the stock.

Address—175 Whitney Ave., New Haven, Conn.

Business—Company is a fire and marine insurance company.

Proceeds — Net proceeds from the sale will be added to, and used as a part of, the company's general funds. Of such proceeds, an amount equal to the total par value of shares sold will be credited to capital stock account and the balance will be credited to surplus.

Registration Statement No. 2-5145. Form S-1 (5-25-43).

In an amendment to its registration statement filed June 11 the offering price of the 50,000 shares is given as $30 per share, on the basis of one share of new stock for each four shares held on the record date.

Registration statement effective 3:45 p.m. EWT. on June 14, 1943.

Stockholders of record June 14 are given the right to subscribe for the stock. Rights expire June 29.

The underwriters and the amounts they have agreed to purchase are given as follows: Chas. W. Scranton & Co., New Haven, 8,150; Smith, Barney & Co., N. Y., 81,150; Putnam & Co., Hartford, 5,000; Day, Stoddard & Williams, Inc., New Haven, 4,000; Edward M. Bradley & Co., Inc., 2,500; Colley & Co., Hartford, 2,500; Estabrook & Co., Boston, 2,500; Huff, Geyer & Hecht, Inc., N. Y., 2,500; A. M. Kidder & Co., N. Y., 2,500; Mackubin, Legg & Co., Baltimore, 2,500; Paine, Webber, Jackson & Curtis, N. Y., 2,500; Brainard, Judd & Co., Hartford, 800; Robert C. Buell & Co., Hartford, 800; R. L. Day & Co., Boston, 800; Eddy Brothers & Co., Hartford, 800; Gaynor, Clemence & Co., Inc., Bridgeport, 800; Hincks Bros. & Co., Inc., Bridgeport, 800; Robert S. Morris & Co., Hartford, 800; Henry C. Robinson & Co., Inc., Hartford, 800, and Whaples, Viering & Co., Hartford, 800.

WEST DISINFECTING COMPANY

West Disinfecting Co. has filed a registration statement for $1,000,000 3¾% first mortgage and collateral sinking fund bonds, dated June 1, 1943, due June 1, 1958.

Address—42-16 West Street, Long Island City, N. Y.

Business—One of the oldest organizations engaged in the manufacture and distribution of sanitation products.

Underwriting—Coffin & Burr, Inc., Boston, is named underwriter.

Offering—Price to the public to be named by amendment.

Proceeds—Company will use part of net proceeds from sale of bonds to pay and discharge the mortgages on its property in the aggregate principal amount of $337,700 and premium of $10,800 for prepayment, and the balance of net proceeds will be added to the general funds of the company. The company will pay off all its bank loans, in the amount of $200,000, from its general funds prior to the issue of the bonds.

Registration Statement No. 2-5149. Form S-1. (6-10-43).

Offered June 23, 1943, at 100 and interest by Coffin & Burr, Inc.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, JUNE 28

GENERAL ELECTRIC CONTRIBUTORY PENSION TRUST

General Electric Contributory Pension Trust has filed a registration statement representing interests of employee participants in pension trust. Amount of offerinf is given as $250,000 (estimated amount of employee contributions prior to Aug. 1, 1944.)

Address—No. 1 River Road, Schenectady, N. Y.

Business—Pension fund.

Underwriting—No underwriters.

Offering—Date of proposed public offering June 30, 1943.

Purpose—On Dec. 6, 1935, the president of General Electric Co. announced a pension plan, later designated General Electric Contributory Pension Plan, for employees engaged on and after Jan. 1, 1936, whose salaries are in excess of $3,000 per year. The trustees originally registered with the SEC interests of employee participants in an aggregate amount of $100,000, and this month they registered an additional amount of $250,000, which they estimate to be sufficient to provide for employee participations up to but not including Aug. 1, 1944.

Registration Statement No. 2-5148. Form A-1. (6-9-43).

TUESDAY, JUNE 29

THE INVESTMENT COMPANY OF AMERICA

The Investment Company of America has filed a registration statement for 222,062 shares of common stock, par $1 per share, of which 157,292 shares are by the issuer and 64,770 shares by Pacific Southern Investors, Inc.

Address—One Exchange Place, Jersey City, N. J. and 100 West Tenth Street, Wilmington, Del.

Business—Investment trust.

Underwriting—Investment Company Distributors, Inc., is named distributor.

Offering—The offering price is net asset value per share plus a premium of 8% of the offering price.

Proceeds—Issuers part for investment.

Registration Statement No. 2-5150. Form S-5. (6-10-43).

WEDNESDAY, JUNE 30

METALES DE LA VICTORIA, S. A.

Metales de la Victoria, S. A. has filed a registration statement for 1,000,000 common shares and production notes in the aggregate sum of $500,000, lawful money of the United States of America.

Address—406 Valley National Building, Tucson, Ariz.

Business—Organized under the laws of Mexico on Oct. 23, 1942, for the purpose of engaging in the busines sof acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Underwriting—Offering will be made direct to the public by the company, and to brokers and dealers for their own accounts or as selling agents of the company.

Offering—Offering consists of 50,000 units, a unit consisting of a production note in the face amount of $10 and 20 shares of common stock, price per unit $10, lawful money of the United States of America.

Proceeds—For development, purchase of equipment, etc.

Registration Statement No. 2-5151. Form S-3 (6-11-43).

SUNDAY, JULY 4

SEARS, ROEBUCK & CO.

Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. Employes and Sears, Roebuck & Co. have filed a registration statement for 20,000 memberships and 160,000 shares of capital stock, without par value, of Sears, Roebuck & Co.

Address—Sears, Roebuck & Co., 925 South Homan Street, Chicago.

Business—Profit sharing pension fund.

Offering—The 20,000 memberships in the pension fund represent the maximum estimated number of memberships which may be offered to eligible employees, during the 12 months following the effective date of registration statement, upon their becoming eligible for membership. The 160,000 shares of capital stock of Sears, Roebuck & Co. represent the maximum number of shares which, it is anticipated, may be purchased by the fund for its members during said period in accordance with the rules of the fund.

Purpose—To permit employees to share in the profits of the company; to encourage the habit of saving, and to provide a plan through which each eligible employee may accumulate his own savings. Company each year contributes to the fund certain moneys out of its net profits for the year and each member contributes a certain percentage of his salary or service allowance and these contributions, with other moneys received by the fund, are, if invested, invested in shares of the capital stock of the company. Recently certain funds were invested in obligations of the U. S. Government.

Registration Statement No. 2-5153. Form A-2 (6-15-43).

TUESDAY, JULY 6

UNITED MERCHANTS AND MANUFACTURERS, INC.

United Merchants and Manufacturers, Inc., has filed a registration statement for 60,000 shares of 5% cumulative preferred stock, par value $100 per share.

Address—314 Industrial Trust Building, Wilmington, Del.

Business—Corporation is a holding company controlling companies operating textile merchandising organizations, mills and finishing plants engaged in various aspects of textile manufacturing located in the United States, Canada and Argentina. The underlying principle in accordance with which the corporation and its subsidiaries were organized and are operating is that they constitute principally a merchandising and selling organization.

Offering—Price to public will be supplied by amendment.

Underwriting — Lehman Brothers is named principal underwriter. Others will be supplied by amendment.

Proceeds — Proceeds derived from sale will be applied to such net corporate purposes as may be determined from time to time by the board of directors, providing some or all of the subsidiaries of the corporation with additional funds; modernization and improvement of manufacturing properties and plant equipment for some or all of the subsidiaries prior to and after termination of the war; providing for postwar contingencies and possible post-war expansion. It is the present intention of the directors to apply approximately $2,000,000 of the proceeds for the purchase from certain subsidiaries of the corporation of preferred stock which will be authorized for issuance by the subsidiaries, thereby improving the capital position of these subsidiaries by enabling them to reduce their bank indebtedness and substitute therefor the proceeds of the sales of their own securities.

Registration Statement No. 2-5154. Form A-2 (6-1-43).

WEDNESDAY, JULY 7

OIL VENTURES CORPORATION

Oil Ventures Corporation has registered 3,000 shares of Class A capital stock, without par value, fully paid and non-assessable.

Address—19-21 Dover Green, Dover, Del.

Business—Organized under the laws of Delaware on April 27, 1943, for the purpose of engaging either alone or with others in any phase of the oil business.

Offering—Price to the public is $100 per share.

Underwriting—Tellier & Co., New York, is principal underwriter.

Proceeds—To be applied and used for any of the proper corporate purposes as its board of directors may determine. Statement says it is the purpose and objective of the management to be free at all times to take advantage of any condition or set of circumstances which, in its opinion, offers opportunity for profit to the corporation.

Registration Statement No. 2-5155. Form S-2. (6-18-43).

GAR WOOD INDUSTRIES, INC.

Gar Wood Industries, Inc., has filed a registration statment for 200,000 shares of common stock, par $1 per share.

Address—7924 Riopelle Street, Detroit.

Business—At present time company is devoting almost 100% of its combined manufacturing capacity to war production. The peacetime business consisted of the manufacture, sale and distribution of a diversified line of products classified into six major divisions: hoist and body; winch and crane; road machinery; tank; air conditioning and heating, and boat divisions.

Underwriting—Emanuel & Co. is named principal underwriter. Others will be named by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds from sale of stock, augmented by funds currently allocated to the company's "Retirement Fund for Preferred Stock," and by general funds of the company to the extent required for the purpose, will be used to redeem all of the company's 128,000 outstanding shares of 5% cumulative preferred stock, which, upon the issuance and delivery by the company of the common stock registered, will, upon 15 days' notice, be called for redemption at the par value of $10 per share plus accrued dividends from June 1, 1943, to the date fixed for redemption.

Registration Statement No. 2-5156. Form S-1. (6-18-43).

THURSDAY, JULY 8

UNITED WHOLESALE DRUGGISTS OF FORTH WORTH, INC.

United Wholesale Druggists of Forth Worth, Inc., has filed a registration statement for 5,000 shares of common stock, no par value.

Address—100 West Tenth Street, Wilmington, Del.

Business—Company is a new corporation organized March 25, 1943. It will engage in the business of selling drug store merchandise, other than that manufactured by United Drug Co. to its stockholders who will be the distributors of products of United Drug Co. While the corporation is being sponsored by United Drug Co., no control over its operations will be exercised by that company.

Offering—Common stock will be offered to retail druggists at $50 per share.

Underwriting — No underwriters are named.

Proceeds—Proceeds from sale of common stock will furnish to the company both operating capital and security.

Registration Statement No. 2-5157. Form A-2. (6-19-43).

SUNDAY, JULY 11

TWENTIETH CENTURY-FOX FILM CORP.

Twentieth Century-Fox Film Corp. has filed a registration statement for 100,000 shares of prior preferred cumulative stock, without par value. The dividend rate will be supplied by amendment.

Address—444 West 56th Street, New York City.

Business—Corporation is both an operating and holding company, having 36 active subsidiaries, 21 of which are foreign companies and all but two of which are wholly-owned. Engaged principally in the production and distribution of motion pictures of all kinds.

Underwriting—The underwriting group will be headed by Lehman Brothers, Blyth & Co., Inc. and Hayden, Stone & Co., all of New York.

Offering—Price to public will be supplied by amendment.

Proceeds—Net proceeds, together with other cash funds of the corporation sufficient to aggregate $13,000,000, will be used to purchase 1,044 shares of the outstanding capital stock of National Theatres Corporation, representing 58% of the outstanding capital stock of that corporation, the remaining 42% of which is already owned by Twentieth Century. The stock proposed to be purchased is now owned by the Chase National Bank of New York which has entered into an agreement with Twentieth Century under which the latter acquired the right to purchase such stock for the sum of $13,000,000. It is expected that the option will be exercised and the shares of National will be purchased concurrently with the delivery of the prior preferred stock to the underwriters. The statement says that in event this financing may be delayed or the management may deem it advisable to exercise the option prior to the consummation of the financing, the corporation may borrow $10,000,000 from certain banks in New York, and the proceeds to be received from the sale of stock may be used to repay such indebtedness.

Registration Statement No. 2-5158. Form A-2 (6-22-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALL AMERICAN AVIATION, INC.

All American Aviation, Inc., has filed a registration statement for 26,218 shares of convertible non-cumulative preferred stock, par $25 per share, and 131,090 shares of common stock, par $1 per share, to be reserved for issuance upon the conversion of convertible non-cumulative preferred stock into common stock.

Address—200 West Ninth St., Wilmington, Del.

Business—Present business is conducted by its two major divisions, Air Transport Division and the Manufacturing Division.

Underwriting—If any offering is made through underwriters their names will be supplied by amendment.

Offering — The preferred stock will be initially offered by the company for sale at $25 a share to holders of ten or more shares of company's common stock on the basis of one share of preferred stock for each full ten shares of common. The period within which holders of common stock may exercise their rights to subscribe to shares of preferred stock will expire ten days after the initial date of offering. Thereafter any remaining shares of preferred stock will be offered to the general public at $25 a share, or the company may offer any remaining shares to underwriters for sale to the public at $25 a share.

Proceeds — Will be applied to finance the company's operations under its contracts with the U. S. Government and to discharge certain of its outstanding obligations.

Registration Statement No. 2-5147. Form S-2. (5-28-43).

BEATRICE CREAMERY COMPANY

Beatrice Creamery Company has filed a registration statement covering 91,317 shares of $4.25 cumulative preferred stock, without par value.

Address—1526 South State St., Chicago. Company expects to move its executive office to 120 South La Salle St., Chicago, on or about July 1.

Business—Company and its subsidiaries are engaged principally in the manufacture and sale of butter, ice cream, condensed milk, buttermilk, dried milk and cheese, the distribution of milk, eggs, frozen foods, oleomargarine, operation of cold storage plants, and in practically every branch of the dairy business.

Offering — The $4.25 cumulative preferred is offered for exchange by the company to the holders of its outstanding $5 cumulative preferred stock on a share for share basis. Holders of $5 cumulative preferred accepting the offer of exchange will receive the quarterly dividend, payable July 1, 1943, with respect to their shares of stock.

Underwriting—The shares of $4.25 cumulative preferred not exchanged have been underwritten. The underwriters are: Glore, Forgan & Co., Chicago; Hayden, Stone & Co., New York; W. E. Hutton & Co., New York; Mellon Securities Corp., Pittsburgh; First Trust Co. of Lincoln, Lincoln, Neb.; Central Republic Co., Inc., Chicago; Kebbon, McCormick & Co., Chicago; Lee Higginson Corp., Chicago; Wisconsin Company, Milwaukee; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farwell, Chapman & Co., Chicago; G. H. Walker & Co., St. Louis; Boettcher & Co., Denver; Bosworth, Chanute, Loughbridge & Co., Denver; Maynard H. Murch & Co., Cleveland; Kirkpatrick-Pettis Co., Omaha, and Burns, Potter & Co., Omaha. Offering price to the public will be supplied by amendment.

Proceeds — Proceeds from sale of any stock to underwriters, with other funds of the company, will be used to effect the redemption on Oct. 1, 1943, of all of the then outstanding $5 cumulative preferred stock at $102.50 per share plus accrued dividends.

Registration Statement No. 2-5146. Form A-2 (5-27-43).

Registration statement effective 2:45 p.m. EWT. on June 16, 1943.

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

Amendment filed June 16, 1943, to defer effective date.

NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for $382,500 5½% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5½% debenture in the face amount of $100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

Registration effective 5:30 p.m. (EWT) on Feb. 25, 1943, as of 5:30 p.m. (EWT) Jan. 17, 1943.

Registration statement withdrawn June 14, 1943.

(This list is incomplete this week.)

'When Distributed' Rules Amended By Governors Of NYSE

The Board of Governors of the New York Stock Exchange, at a meeting on June 17, adopted certain amendments to the rules of the Board to permit dealings on the Exchange in certain securities on a "when distributed" basis.

The Board further determined to admit to dealings on Monday, June 21, 1943, on a "when distributed" basis, Public Service Corporation of New Jersey Common Stock, 1,937,665 shares of which are to be distributed by The United Gas Improvement Company to its stockholders pursuant to the Company's plan for the divestment of certain securities and other assets, under Section 11(e) of the Public Utility Holding Company Act of 1935; and that the unit of trading in such stock "when distributed" shall be 10 shares.

These changes were described as follows in a circular sent to members by John C. Korn, Acting Secretary of the Exchange:

"Pursuant to the amended rules, a security which is issued and outstanding and which is to be the subject of a distribution may, in certain cases, and subject to certain conditions, be admitted to dealings on the Exchange on a "when distributed" basis during a period preceding the distribution. In general, the type of case in which this procedure may be followed is one in which the issued security is, pursuant to a plan of distribution, to be distributed by the issuer of another security to the holder of one or more classes of such issuer's securities, e. g., the distribution pursuant to a plan adopted under the Public Utility Holding Company Act of 1935, to a holding company's stockholders of the company's holdings in a subsidiary.

"Before 'when distributed' trading can be approved in any case the security to be distributed must have the usual qualifications of the exchange for listing, and, in addition, at least the following conditions must be met:

"(1) The security to be distributed is issued and outstanding and is listed and registered pursuant to the Securities Exchange Act of 1934.

"(2) A definitive Plan providing, among other things, for distribution of the security pro rata to the holders of one or more issued and outstanding securities of the distributor without the payment of any consideration has been approved by a Court or other Governmental body, agency or commission having jurisdiction, and the time during which an appeal may be taken from such approval has expired and no such appeal is pending.

"(3) The distribution of the security when completed will be sufficiently broad to meet the Exchange's customary requirements in that regard.

"(4) The distributor has authorized the distribution of such security to holders of record as of a specified date.

"In general, the rules of the Exchange with respect to trading and contracts made on a 'when distributed' basis are similar to those relating to 'when issued' trading and contracts. As in the case of 'when issued' contracts the Exchange will determine when deliveries on 'when distributed' contracts are to be made and when trading shall cease to be on a 'when distributed' basis and placed on an issued basis."

The following amendments to the Rules of the Board of Governors were adopted:

"Rule 103 has been amended to read as follows:

"Only securities admitted to dealings on an 'issue,' 'when issued,' or 'when distributed' basis shall be dealt in upon the Exchange."

Rule 108 has been amended to read as follows:

"Bids and offers in securities admitted to dealings on a 'when issued' basis shall be made only 'when issued', i. e. for delivery when issued as determined by the Exchange.

"Bids and offers in securities admitted to dealings on a 'when distributed,' basis shall be made only 'when distributed,' i. e. for delivery when distributed as determined by the Exchange."

Rule 148 has been amended to read as follows:

"On transactions in stocks for more than two days, on transactions in bonds for more than seven days, an don all transactions made 'when issued' or 'when distributed', written contracts in forms approved by the Exchange shall be exchanged not later than the business day following the transaction. Signatures to such contracts shall be affixed by a partner.

"When written contracts have been exchanged, only the signers thereof shall be liable."

Item 7 on Page E-641 of the Directory and Guide (Short Sales) has been amended to read as follows:

"'When Issued' and 'When Distributed' Securities. The rules apply to the sale of 'when issued' and 'when distributed' securities in the same manner as issued securities. In the case of a sale of a 'when issued' or 'when distributed' security, the last 'regular way' sale price means the last price at which the 'when issued' or 'when distributed' security has sold on the Exchange, and the 'next preceding different price' means the last previous different price at which a sale of such 'when distributed' security 'when issued' or took place on the Exchange. A person is deemed to be the owner of a 'when issued' or 'when distributed' security if he has entered into a contract to purchase the same binding on both parties and subject only to the condition of issuance or distribution or, by virtue of his ownership of an issued security, will be entitled to receive, without the payment of consideration, the 'when issued' or 'when distributed' security, to the extent that he has not already disposed of such 'when issued' or 'when distributed' security."

Treasury Lowers New Tax Goal To $12 Billion

Secretary of the Treasury Morgenthau made known on June 17 that the Treasury has lowered its goal for revenue from new taxes this year from $16,000,000,000 to $12,000,000,000.

The Secretary told his press conference that he was in accord with Congressional sentiment that no additional taxes should be levied on 1943 incomes with the result that there is no chance of obtaining the higher yield.

Stating that the Treasury's aim still is to finance half the cost of the war out of revenues, Mr. Morgenthau estimated that the present tax law will yield about $38,000,000,000, leaving $12,000,000,000 to be raised by additional taxes to meet this objective.

In its war financing activities, Mr. Morgenthau said the Treasury will concentrate on syphoning off 25% of the over-all earnings of all workers. Estimating the national income for the last half of 1943 at $72,000,000,000, he said that on this basis the Treasury hopes to get about $18,000,000,000 diverted into the purchase of war bonds by individuals. Mr. Morgenthau explained that every individual wage earner will not be expected to put 25% of his income into war bonds.

The Secretary's earlier comments on the $16,000,000,000 goal were referred to in these columns of May 27, page 1989.

Wm. Bodine Elected Financial Vice-Pres. Of Penn Mutual Life

William W. Bodine has been elected Financial Vice President of The Penn Mutual Life Insurance Company succeeding Thomas Newhall who has resigned, it is announced by John A. Stevenson, President. Mr. Bodine will assume his duties Sept. 1, when his resignation as President of The United Gas Improvement Co. becomes effective. With a national reputation as an outstanding utilities and financial authority, Mr. Bodine brings to his new post broad managerial knowledge and comprehensive experience in financial affairs. He has won recognition as an attorney, war veteran, manager, utility executive and financier. For the greater portion of his 34 years of service with U.G.I. he has had the responsibility of the corporate and financial affairs of the Company and its operating subsidiaries.

William W. Bodine

Mr. Bodine has been a Trustee of The Penn Mutual Life Insurance Company since 1931 and a very active member of its Finance Committee for a number of years. He is a Director of The Pennsylvania Fire Insurance Company, the Provident Trust Company of Philadelphia, the U.G.I., a member of the Board of Managers of The Western Saving Fund Society, a former Director of the Fidelity-Philadelphia Trust Company and the First National Bank of Philadelphia.

He is a Trustee of the National Industrial Conference Board, a member of the Committee on Government Finance of the National Association of Manufacturers, Chairman of the Aviation Committee of the Philadelphia Chamber of Commerce and Board of Trade, Chairman of the Board of the Pennsylvania Economy League, Inc., President of The Bryn Mawr Hospital, a Trustee of The Episcopal Academy, Director of the United War Chest and the Y.M.C.A. of Philadelphia, and member of the Executive Committee of the Valley Forge Council of Boy Scouts of America.

Vigorous, plain-spoken and direct, Mr. Bodine has had 28 years of military service and has numerous decorations for valor which, with typical modesty, he never mentions. He joined Philadelphia's First City Troop in 1912 and served at the Mexican Border in 1916. During World War I, as Captain he commanded Battery "A", 149th Field Artillery, part of the famous Rainbow Division. As a result of his service in France, Mr. Bodine was awarded the Silver Star and the Purple Heart, and was made a Chevalier of the French Legion of Honor. In 1920 Mr. Bodine was appointed Major, Pennsylvania National Guard, and assigned to the 108th Field Artillery, a Philadelphia regiment. In 1923 he was appointed Lieutenant Colonel and served as Regimental Executive until 1937, when he transferred to the Inactive National Guard.

Born in Philadelphia, he attended The Episcopal Academy, Philadelphia; St. Paul's School, Concord, N. H.; and Harvard College. Following study abroad he entered the Law School of the University of Pennsylvania, was graduated in 1914, and became associated with the law firm of Morgan, Lewis & Bockius. In 1919 upon return from service in World War I, he entered the employ of the U.G.I. In his service there he has been Secretary of Executive and Finance Committee, Vice President and General Manager, Vice President in Charge of Finance and Chairman Management Group. From 1934 to 1940 he served as Executive Vice President and has been President since 1940.

Mr. Bodine maintains active memberships in the Pennsylvania Society of Sons of the Revolution, Pennsylvania Historical Society, The Pennsylvania Society, American Academy of Political and Social Science, Franklin Institute, the Philadelphia and American Bar Associations, the Newcomen Society of England, American Society of International Law, Foreign Policy Association, American Academy of Political Science, and Military Order of the World War.

Banking School Elects

Robert J. Crossley, Assistant Cashier of the First National Bank, Chicago, was elected President of the Class of 1943 of the Graduate School of Banking, at the permanent organization meeting of the class on June 18 in New Brunswick, N. J. L. C. Owens, Jr., Assistant Vice-President of the Bank of New York in New York City, was elected Secretary of the class which graduates this year.

Thomas S. Sites of the Dime Savings Bank in Brooklyn, N. Y., was elected Chairman of the Savings Group in the Graduate School, succeeding Robert F. Clark of the Dedham Institution for Savings at Dedham, Mass. The Savings Group is an informal group within the Graduate School student body devoted to the mutual interests of savings bankers and investment men.

George L. Emery of the Worcester County Institution for Savings at Worcester, Mass., was elected Secretary, and Malcolm M. Johnson of the Southern Ohio Savings Bank & Trust Co., Cincinnati, was elected Treasurer, to serve until the next resident session of the school in June, 1944.

The annual resident session of the Graduate School is being held at Rutgers University from June 14 to June 26. A total of 414 bank officers is enrolled this year and 133 are graduating on June 25.

Pay On Cuban 5½s

Republic of Cuba, through Roberto Hernandez, Consul General of Cuba in New York City, is notifying holders of its external loan 30-year sinking fund 5½% gold bonds issued under loan contract dated Jan. 26, 1923, that $916,600 principal amount of the bonds have been drawn by lot for redemption on July 15, 1943, out of moneys in the sinking fund, at 100% of their par value and accrued interest to the redemption date.

The bonds drawn for redemption will be paid at the office of the fiscal agents, J. P. Morgan & Co., Inc., on or after July 15, 1943, after which date interest on the drawn bonds will cease.

On June 10, 1943, $277,000 principal amount of these bonds previously drawn for redemption had not been presented for payment.

Steiner With J. S. Bache

(Special to The Financial Chronicle)

MIAMI, FLA.—Burghard Steiner has been added to the staff of J. S. Bache & Co., 90 Northeast Second Avenue.

Treasury Tax Note Sales Revised

Secretary of the Treasury Morgenthau issued a statement on June 22 regarding the discontinuance of the sale of Treasury Tax Savings Notes of Series A due to the new Current Tax Payment Act of 1943. As made available by Allan Sproul, President of the Federal Reserve Bank of New York, the statement of Secretary Morgenthau follows:

"The current payment of individual income taxes and the collection of taxes through withholding pay at its source, provided by recent tax legislation, will largely serve the purpose heretofore served by Treasury Tax Savings Notes of Series A, which have been available since August 1941 for the convenience of small taxpayers.

"Many individuals who have made advance provision for the payment of income taxes, through the purchase of these notes, now find they hold notes in excess of their future tax requirements.

"Two actions are now being taken: first, the sale of Treasury Tax Savings Notes of Series A was discontinued at close of business June 22, 1943; and second, the holders of any such notes are being accorded the privilege of redeeming their notes for cash, at the tax payment value current at the time of presentation.

"The privilege of cash redemption at tax payment value, will apply to the notes of the three issues of Series A notes now outstanding, and may be exercised by the owners at any time, but attention is called to the fact that interest ceases to accrue at the maturity of the notes.

"Hereafter, during any month, the cash redemption value of Treasury Tax Savings Notes of Series A is the same as the tax payment value for that month, as shown in the table on the back of each note. *Notes presented for* cash redemption must have the request for payment properly executed, and must be surrendered to the Federal Reserve Bank or other agency that issued the particular notes.

"No action is being taken with respect to outstanding Treasury Tax Savings Notes of Series B, which are largely held by corporations and large taxpayers. As regards the Treasury Notes of Tax Series C, which have been included in the general designation 'Treasury Tax Savings Notes,' and which are adapted not only for the accumulation of tax reserves, but for the temporary or short-term investment of idle cash reserves, the sale of these notes will be continued without interruption but hereafter they will be designated Treasury Savings Notes of Series C."

N. Y. Curb Exchange Employees Pay Raised

Wage increases of $2 and $3 a week for ninety-nine workers on the floor of the New York Curb Exchange were approved on June 8 by the Regional War Labor Board.

In reporting this, the New York "Herald Tribune" further said:

Seventy-seven quotation girls will receive rises of $3 a week each to an $18 to $20 salary level, while twenty-two reporters will receive $2 a week rises. The wage level of reporters, who record every sale for the ticker, was set at $25 to $40 by the WLB.

The increases for the quotation girls were approved to correct substandards of living, while those for the reporters were raised as necessary intra-company adjustments.

"Our Reporter On Governments"

By S. F. PORTER

The June 28 deal is the whole story in the Government market now, of course. . . . Next Monday, the offering will appear. . . . Today, the market is in a typical pre-financing mood, quiet, uncertain, definitely "waiting." . . . Which is entirely natural and which gives us a chance to get set. . . .

The Treasury has come in for a lot of criticism on the way it has handled this operation, incidentally. . . . To this observer, the criticism is unjustified but nevertheless, here is the way the dealers and professional traders around Wall Street have been talking. . . . They resent the way the Treasury has kept silent on the exact terms of the offering. . . . They feel that Secretary Morgenthau's prolonged silence on the form of the deal has added unnecessary confusion. . . . They declare "this is a period of big-scale financing and there's no sense to keeping us in the dark on what's ahead." . . .

Well, maybe. . . . But the fact is a $2,000,000,000 bank issue plus $500,000,000 "open end" borrowing from other sources may not be placed in the same category as a $13,000,000,000 war loan drive. . . . This is regular open market financing and on this, Morgenthau has the privilege of returning to the old pre-war system of suspense. . . .

One disturbing factor about the coming financing is that it really is an "unlimited offering." . . . The banks are restricted to $2,000,000,000, yes, but the balance of the issue may be allotted up to 100%. . . . Which means that this deal may mount up to $3,000,000,000 or more. . . . Particularly, if the insurance companies and savings banks like the issue offered. . . .

NO TIME TO BUY

With the new issue coming up and with the offering total actually unknown until next week, this seems an inappropriate time to build up portfolios. . . . On the contrary, it seems a good time to cut down in preparation for possible investments and switches growing out of the June financing. . . . As one dealer sees it, in fact, a large investor may find it advisable to freeze some profits now, to lose the little interest on being in cash until June 29 or so, and then to get back in. . . .

As for the market itself, it looks wonderful, but the one-way street atmosphere is fading. . . . And rightly so, for money may get tight over the coming weeks and then a slight reaction would be entirely in order. . . . Prices are high. . . . Don't overlook that fact. . . . The market has been going up steadily for months. . . . Don't forget that. . . . There's no reason why Morgenthau should sponsor a rapid advance at this time—what with the big war loan drive not due until September 9 and the June financing due for completion in the coming few days. . . .

It's so much a question of proper timing these days that most other factors that formerly were of prime significance have slipped into the background. . . . There's not even a question of a major decline, of course. . . . More than a half-point or a point just doesn't seem to be in the cards. . . . But a sagging movement during the summer months definitely may be the pattern and while you're waiting to find this out, a cautious buying policy should be the rule. . . .

WHAT DO BANKS WANT?

All the talk about the new issue, ranging from gossip about a 1947 note to insistence that a 2% bond is the decision, has brought up a most important problem in war-time financing. . . . And that is the question of short-term against long-term debt, from the viewpoint first of the Treasury and second of the banks. . . .

To the Treasury, the longer the debt it can put out, the better. . . . To the banks in previous years, the rule has been, the shorter the debt, the better. . . . But the banks may look at the situation in a different light now. . . . While the Treasury has more need of a long-term debt policy than ever before. . . .

Let us be specific. . . . The banks are being restricted to the 10-year maturity classification by advice from "on high" and by their own tested rules of decades' standing. . . . They have been arguing for notes and certificates of indebtedness in recent months, therefore. . . . And have rushed to buy shorter-term stuff, whenever available. . . .

Now let us be specific about the Treasury's position. . . .

Despite the fact that Morgenthau has been selling 2½s to non-banking sources and 9 and 10-year 2s to banks in tremendous quantities this past 12 months, he still has been building up a terrific portion of debt in the definitely short-term category. . . .

For instance, there are six issues of certificates of indebtedness outstanding, amounting to $16,500,000,000!

All this stuff matures in one year. . . .

And there are around $13,000,000,000 of bills to be taken care of in the next 12 months. . . . This is ⅜% stuff. . . .

And there are the various bond maturities and note issues to be presented for cash or refunding. . . .

And, most bothersome, there are the large issues of baby bonds, defense bonds and war bonds out—representing straight demand obligations. . . .

Just look at that list of short-term obligations. . . . And you'll see why Morgenthau is faced with a terrific problem of converting the short-term into long-term debt at the earliest possible opportunity. . . .

COMPARATIVE INTEREST

And this is not all. . . . Consider these comparisons:

On one-year certificates, the Treasury is paying ⅞% interest. . . .

On 90-day stuff, the Treasury is paying ⅜%, even though this is figured on a discount basis. . . .

On 10-year stuff, Morgenthau is paying 2%. . . .

On 25-year stuff, the rate is 2½%. . . .

Study that one and you'll see how expensive financing on a short-term basis is in comparison. . . .

At this time, Morgenthau may not be able to switch over a large part of this debt into the longer-term classification and he may not feel it advisable to upset the old axioms and rules now. . . .

But the logic of the matter is this:

The quicker the U.S. debt is converted to a longer-term basis, the better it will be for the Treasury and for the people who must pay taxes to meet the interest charges on the debt. . . .

The quicker banks and other traditionally liquid institutions realize that the higher rate on long-term issues is attractive in comparison and that a major slump in the market is unthinkable, the better it will be for their profit positions and for the depositors who depend on banks for interest payment as well as safety. . . .

The banks may be asking for notes, but they'd be better off with longer stuff. . . . The Treasury may be thinking of widening out the short-term classification with more notes now or in the future, but it would be better off in the long-term market. . . . And as for trading possibilities, they're always present in greater degree in the bond markets. . . .

INSIDE THE MARKET

Few switches around now but there should be some good ones after this month. . . . The June issue is expected to bring out some large-scale realignment of portfolios. . . .

Talk around again that Federal Reserve System may reduce reserve requirements later this summer when money gets tight in order to give banks more excess reserves and add to their comfort. . . .

Opposite opinion is that authorities will let market slip a bit instead. . . . In order to get it into shape for a nice rise in the late summer and early fall when the next war loan is coming up. . . .

From Real Estate To Electronics In One Amazing Move

The current situation in Consolidated Dearborn Corp., which recently merged with Lear Avia, Inc., offers more than attractive possibilities, according to a circular just issued by Scherck, Richter Co., Landreth Building, St. Louis, Mo., with participation in three industries—electronics, aviation and real estate; large earnings almost assured throughout the war, and possibly even brighter prospects when peace comes. Through its real estate holdings, it provides a hedge against inflation. Copies of this circular, which discusses the advantages of the merger of the two corporations in detail, may be had upon request from Scherck, Richter Co.

Cliffs Corp. Looks Good

The current situation in Cliffs Corporation offers interesting possibilities, according to a circular just issued by Gillis-Russell & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. Copies of this circular may be had on request from Gillis-Russell & Co.

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Co.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Garvin, Bantel Co. To Admit de Moise & Lee

Gino de Moise, member of the New York Curb Exchange, and Edmund F. Lee will become partners in Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock and Curb Exchanges, July 1. Mr. de Moise has recently been active as an individual Curb floor broker; Mr. Lee has been manager of the Bond Department of Garvin, Bantel & Co.

The Business Man's Bookshelf

AMERICAN PATENT SYSTEM, THE—William B. Bennett—Louisiana State University Press, University Station, Baton Rouge, La.—Cloth—$3.00.

INTERNATIONAL CONCILIATION, published monthly, except July and August, by Carnegie Endowment for International Peace, 405 West 117th Street, New York City—June, 1943, issue contains: "On Winning the Peace," by William W. Waymack; Speech by Prime Minister Winston Churchill, broadcast from London March 21, 1943; speech by Anthony Eden, Secretary of State for Foreign Affairs in the British Government at Annapolis, Md., March 27, 1943—single copies 5¢; subscription price 25¢ for one year.

RATIONING AND PRICE CONTROL IN GREAT BRITAIN—Jules Backman—The Brookings Institution, Washington, D. C.—Paper—50¢.

TAX DELINQUENCY, 1930-1942, in Cities of Over 50,000 Population—Frederick L. Bird—Municipal Service Department, Dun & Bradstreet, Inc., 290 Broadway, New York, N. Y.

Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4188

New York, N. Y., Thursday, June 24, 1943

Price 60 Cents a Copy

The Financial Situation

Sufficient time may not yet have elapsed to demonstrate whether the newly created Office of War Mobilization will be able to bring order out of the chaos now rampant in Washington, but if that organization is to make itself constructively effective it must do so in the very near future. Something in the nature of a crisis has developed in the management of the war effort, a crisis which appears to have spread to very nearly all Governmental activities.

Congress in Rebellious Mood

For one thing, Congress is evidently in a rebellious mood. It is plainly determined to put an end to the larger part of the activities of the National Resources Planning Board. It may mete out the same fate, or something very similar, to the Office of War Information. The Administration, apparently with the newly appointed Director of War Mobilization in tactical charge, has apparently been obliged to make a "strategic withdrawal," if nothing more, in the matter of new tax legislation.

It remains to be seen what the President will do with the anti-strike labor legislation recently arriving at his office, and what the attitude of Congress will be should he veto it, as he is apparently being advised to do by many who heretofore have had great influence with him. Even more to the point, perhaps, it remains for the future to disclose what the effect of the legislation will be should he sign the bill. The OPA is far from popular on Capitol Hill, and legislation may yet emerge which would be most unwelcome to the Administration. The President has a real problem on his hands with Congress, and does not appear to be making progress either through Mr. Byrnes or otherwise in solving his difficulties there.

Other Difficulties

But it is by no means merely in his relations with the legislative branch that the Administration's difficulties are to be found. It has managed to become embroiled in a long, troublesome and costly struggle with the coal miners—perhaps it would be more accurate to say with John L.

(Continued on page 2382)

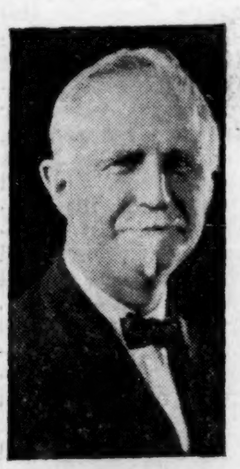
Outlook For The Banks

Roger W. Babson Sees Changes In Commercial Banking Policies

Inflation is witnessed by rising prices and an increased shortage of consumers goods. We have been in an inflationary period for some time. Signs point to further inflation. Inflation will affect all types of business and all individuals in varying degrees. In thinking, however, of one business with which nearly all of us are connected, I have felt that some explanation of what inflation might mean to the banks would be of interest to all. Hence, today, I will hit some of the high spots in the banking picture.

Banks Deal in Dollars

I am more concerned with the smaller banks than I am with the larger financial institutions of our great cities. Our large commercial institutions will benefit from any increase in money rates, although these may be some time in rising. Of course, the entire banking business has changed vastly since I was a young man. Today there is little glory or profit in being a bank director or even in being a stockholder.



Roger W. Babson

Banks have no inventory, buy no raw materials and manufacture no finished products. They have nothing to sell except service and, most important of all, they deal solely in dollars. Hence, theoretically, it makes no difference to the bank what the dollar is worth. It is worth 59 cents today; but if it goes down to 20 cents the banks would still be open, would function as usual, continue to receive dollar deposits and pay out dollars.

Depositors Are Safe

As all Federal Reserve Member Banks and most other banks are also members of the Federal Deposit Insurance Corporation, deposits up to $5,000 have, for some time, been insured by our Government. Depositors are thus well protected and bank failures for years have been at a minimum. I look for no increase in bank failures. However, some banks may consolidate or liquidate and

(Continued on page 2390)

Private Industry's Production Record Answer To Advocates Of New Economic Order

Irving Olds Declares American Industrial System Far From Moribund

The assertion that the production record of American business during the past two or three years "should be a complete answer to those critics, or advocates of a new economic order, who not so long ago advanced the notion that our industrial system is moribund and incapable of meeting the needs of the nation," was made by Irving S. Olds, Chairman of United States Steel Corp., on June 16.

Mr. Olds made this statement at a luncheon at the Waldorf-Astoria in New York on the occasion of a preview of a new motion picture, "To Each Other," showing activities of the Steel Corporation "in its effort to aid in bringing about complete victory at the earliest possible date."

Irving S. Olds

Mr. Olds' remarks follow:

"On behalf of the directors and officers of United States Steel Corp., I should like to express our pleasure and happiness over the presence of so many at this luncheon. Your being here today is encouraging to us, as I am bold enough to assume that it evidences a real interest in the wartime activities of the Steel Corporation.

"Three years ago this country embarked upon an intensive national defense program. More than 18 months have gone by since that black Pearl Harbor Sunday. All of you are familiar with what has subsequently transpired on land and at sea.

"Perhaps, however, the question can properly be asked: What has American industry been doing during this period? If I may be permitted to say so, without subjecting myself to an accusation of undue boastfulness, American industry has been and is now performing a wonderful job of production. The pressure exerted by our armed forces at the many battlefronts—which every day becomes greater and more powerful, and, we trust, more convincing to Hitler, Mussolini & Co.—traces directly back to the mines, factories and transportation facilities of the United States and to the efficient, hardworking and patriotic personnel, both management and

(Continued on page 2386)

GENERAL CONTENTS

Dewey Urges State Governors To Solve Food Problem

Proposes West Kill Pigs In Order To Free Corn For East's Dairies

Governor Thomas E. Dewey of New York declared on June 21 that the War Governors of the United States can, and will, meet the food problem of the country because the National Government still cannot, or will not, understand it.

Addressing the opening session of the annual Governors' Conference in Columbus, Ohio, Mr. Dewey said that the meat situation is "a jumble of paradoxes" and warned that the country has "a livestock population so vast that we never can support it and at the same time fulfill an obligation to help feed the starving survivors of a wrecked world."

He added that "right now in this country our meat animals are eating into the precious food reserves which must be increased if we are even to begin saving the undernourished people of a rescued Europe."

Gov. Thos. E. Dewey

Mr. Dewey, it was noted in United Press accounts, started a controversy during the question period following his prepared speech when he advocated the "killing of little pigs so Eastern cows can have feed. But eat the pigs—don't plow them under."

The text of Mr. Dewey's address follows, according to Columbus advices to the New York "Herald Tribune":

"I am happy to find myself asked to talk here about the farm problems of the State of New York. Every one has thought of New York as a great industrial State. It is doubly gratifying that it should finally be recognized as also one of the great agricultural States. But I must recognize that, as a New Yorker coming to Ohio to talk about farm problems, I am carrying a good many coals to Newcastle.

"One of the most urgent problems facing us at the first of this year was the shortage of farm manpower. A group of farm lead-

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From Washington Ahead Of The News

By CARLISLE BARGERON

Several months ago this correspondent wrote that the legislative branch of our government, armed with a mandate to recover its power over the Washington bureaucracy would run up against a tremendous propaganda in attempting to do it. That is what is happening today. Some of the very editors who were crying loudest for Congress to reassert itself are now complaining that it isn't reasserting itself in the right way. Over the radio, we hear from the propagandists that the Congress has gone crazy. It is all having its effect and some of the more rugged fellows in Congress are already weakening.

The plain fact is that unless the current move against OPA by Congress is effective, and to a lesser extent its move against Elmer Davis and his OWI set-up, this country is in for some pretty rough going. Whether the blame is altogether his or not, Prentiss Brown has shown that he can't straighten OPA out. The theorists and leftists who saturate the structure are determined to carry out their reforms. They are not primarily dealing with inflation. They are making an appeal to the housewife by claiming to be holding down prices, but their course is inevitably leading to inflation, or what will more likely come first, a complete breakdown in the civilian economy.

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The Financial Situation

(Continued from first page)

Lewis. The activities of the OPA have grown more and more troublesome for long months past, until now the situation swirling about the head of that unfortunate organization is all but out of control. The consumer is bewildered, disgusted and acutely aware that the entire price control and rationing program has been badly conceived, poorly managed and needlessly irritating. Thoughtful students of public affairs are further aware, as the general public is becoming, that essential production is being seriously impaired, and that even more serious impairment is all but inevitable if something is not done to prevent it.

The Food Situation

The food situation, which has long been little short of a national scandal, is now plainly and undeniably alarming. Moreover, matters appear to be growing worse instead of better. The prospect, so far as one may judge it, is for continuing deterioration unless and until drastic steps are taken to correct the situation. The War Food Administrator, brought from private business against his will only a short time ago, is up in arms. Rightly or wrongly, he is said to insist that he can not work effectively through the Office of War Mobilization but must report directly to the President and obtain his instructions from the White House. He, moreover, finds from experience that he can not be responsible for food production if someone else is to have carte blanche to do what he wishes about prices and other factors which bear directly upon production.

A Hair of the Dog

Meanwhile, officials, according to Washington advices, are coming to the strange conclusion, if, indeed, they have not already come to it, that the remedy is to be found in applying a hair of the dog that did the biting. As so many have done before them, they have been engrossed and bewitched by what has been done in England, and now are reported to be seriously considering the formation of a giant Government monopoly of all critical food items, a system in which the Government would be the only buyer of these items from producers and the only seller to the trade. How the Administration can suppose that it could make such a system work effectively is a mystery when even now it is having great difficulty, according to its own admission, in obtaining what meat it wishes for the armed forces and lend-lease—so extensively is meat being diverted from the regular channels of distribution, chiefly to the so-called "black markets"—and when it is now succeeding chiefly in disrupting normal distribution of almost all types of products by its bungling interference with business.

But it is not only in the food field that the OPA is crumbling of its own weight. It is doubtless in the food markets that the public becomes most distressingly aware of the mismanagement of this bewildered and troublesome organization, but practically all groups engaged in the distribution of consumers' goods to the civilian population know well enough what a mess has been created in all lines. When, as is the fact, the small retailer, or the large one, for that matter, finds something like 675 OPA orders on his desk purporting to restrict, control and direct his daily operations, he rightly comes to the conclusion that the time has come to call a halt. He, moreover, probably, whether right or wrong, also comes to the conclusion that the time has come when he must either push most of these undecipherable rules aside and run his business as best he may, or else close his doors—and ordinarily he does not close his doors until obliged to do so.

Dealings With the Public

Nor is this the full story. The faulty, preposterous, and deeply harmful, not to say dangerous, current methods of dealing with the civilian public are by no means confined to matters of supply. Civilian supply is, of course, of the utmost importance. Not only the morale but the health and endurance of the public is in large degree governed by the ability of the rank and file to obtain food, clothing and other necessaries of life in reasonable quantities and without undue inconvenience and irritation. Yet there are a number of other matters of vital concern. One essential is that the man in the street be able to feel that his Government is dealing with him fairly, truthfully, and as considerately as the military situation permits. Another is that he have no reason to doubt that those entrusted with official responsibility are working together smoothly and with an eye single to the prosecution of the war.

Confusion Worse Confounded

It is difficult for the ordinary man to convince himself that any of these essential conditions exist today. A situation in the coal industry, which should never have been permitted to develop into what it now is, has been dealt with in such a way that it is impossible to avoid the suspicion that it is as much a titanic battle between two inveterate haters, John L. Lewis and the President, as anything else. The repercussions of this struggle, whatever its own denouement, will not end for a long while to come. The Office of War Information is another case in point. Here is an organization ostensibly charged with providing the public with all available information about the conduct of the war. In one degree or another it is performing that function, but its many other activities—and they are legion—are unfortunate, to say the least. And the confusion is not relieved when the Chairman of the War Production Board and the Under Secretary of State undertake to report to the people on the way war production is going, the one apparently confident that matters are proceeding well, the other that disaster awaits us.

Evidently a drastic and far-reaching corrective is rather more than urgently needed. Next week or next month may be almost too late.

"The Heart Of The Matter"

"The heart of the matter is this: We need a reaffirmation, a rebirth of faith in the system of free enterprise. The greatest drawback to prosperity in the post-war era is the uncertainty of government's real attitude toward private enterprise. What we need is a clear affirmation, free from weasel words and mental reservations, of full faith and confidence in our free economic system as the only secure foundation of a free political system.

F. C. Crawford

"The past record of American industry is overwhelmingly on the side of health and sanity. This is the popular verdict for which industry will continue to strive with the indispensable help of you editors. In any event, this is the story which industry will be able to lay before the forum of American public opinion if industry is not cut off from access to the public ear.

"Will we be allowed such a hearing? You begin to wonder when a member of the United States Supreme Court finds himself stressing the difficulties of preserving the democratic way of life. He cites 'the misuse and manipulation of modern devices, chain newspapers, cheap magazines, popular polls, the movies and the radio. In other words, 'misuse,' as he calls it, of all the media of opinion employed by a free people."—Frederick C. Crawford, President of the N.A.M., to the Wartime Conference of the National Editorial Association.

We do indeed need a "rebirth of faith in the system of free enterprise."

And it must be a **genuine** faith—not meaningless and not infrequently half sincere professions—and **really** free enterprise—without the sword of Damocles over its head.

The State Of Trade

Most industries reported increases for the week, with the exception of steel. The steel industry, plagued by a coke shortage from the cumulative effect of three major war-time coal strikes in seven weeks, began curtailment of operations simultaneously with the new work stoppage of the nation's 500,000 United Mine Workers' coal miners.

First hit by the coal shutdown as miners again stood by their edict—"no contract, no work"—was the Republic Steel Corporation, which announced at Birmingham, Ala., that lack of coal from which coke is made, forced a 50% reduction in its Alabama coke production.

Commenting that "this is a lot more serious and is taking effect quicker than the second walkout early in June," a Carnegie-Illinois spokesman explained that the company's coal stockpile was "still materially reduced" because of the previous mine shutdowns.

Steel production in the United States is scheduled this week at 97.6% of rated capacity, equal to 1,690,100 net tons of ingots and castings, compared with 97.8% and output of 1,693,600 tons last week, the American Iron & Steel Institute reports.

For the week beginning June 21st, 1942, operations were on a basis of 98 per cent of then available capacity and output amounted to 1,664,600 net tons.

Production of electricity in the United States for the week ended June 12th, was 4,040,376,000 kilowatt hours, an increase of 16.7% compared with the 1942 week, and comparing with output of 3,925,893,000 kilowatt hours in the preceding week, the Edison Electric Institute reports. In the latest week each geographical area showed a gain over last year, the largest being 28.4% in the Pacific coast region. The Mid-Atlantic states showed a gain of 15.8%.

Consolidated Edison Co. of New York reports electric output in the week ended June 13th, was 186,100,000 kilowatt hours, an increase of 25.1% over the 1942 week. Local distribution increased 28.2%.

Car loadings of revenue freight for the week ended June 12th, totaled 854,486 cars, according to the Association of American Railroads. This was an increase of 186,911 cars over the preceding week this year, 21,851 cars more than the corresponding week in 1942 and 8,489 cars below the same period two years ago.

This total was 123.74% of average loadings for the corresponding week of the ten preceding years.

Department store sales on a country-wide basis were up 28% for the week ended June 12th, compared with the same week a year ago, according to the Federal Reserve Board.

Store sales were up 22% for the four weeks ended June 12th, compared with the same period a year ago.

Department store sales in New York City in the week ended June 19th, were 18% larger than in the corresponding week of last year, according to a preliminary report issued by the Federal Reserve Bank of New York.

In the previous week, ended June 12th, sales of this group of stores were 32% above those of the like 1942 week.

Retail activity this week was improved in most quarters as considerable promotional space was devoted to Father's Day gifts and to summer household and apparel lines, according to the weekly review of Dun & Bradstreet, Inc. Although an unseasonal influx of buyers visited the markets to place orders for fall delivery, wholesale trade was spotty, Dun's said.

Dollar value of inventories of department stores in the 2nd Federal Reserve District at the end of May were 33% under the corresponding date of last year, according to a report issued by the New York Federal Reserve Bank. The drop in inventories of New York City department stores was 36%, and of apparel stores 17%.

Seasonal expansion of farm operations in April brought total United States employment to a new high of 60,900,000, according to the National Industrial Conference Board.

Nearly 900,000 of the 1,300,000 workers taken on during April went directly into farm work, while most of the other new recruits entered the armed forces. Total industrial employment declined by more than 160,000 during the month, while the increase in factory employment was the smallest recorded since Pearl Harbor.

Farm employment in April, despite an increase to 9,900,000, was about 250,000 lower than in the same month of 1942 and roughly 750,000 lower than in 1937-39. Hired farm workers numbered slightly more than 2,000,000, about 150,000 or 7% below the corresponding 1942 total. Farm family workers, including farm operators and their family members, doing work without wages, totaled 7,800,000 or nearly 100,000 less than in 1942.

Woodruff Heads Slate Of Mtg. Bankers Ass'n

Herold G. Woodruff, President of H. G. Woodruff, Inc., Detroit, has been named official nominee for President of the Mortgage Bankers Association of America to succeed Charles A. Mullenix of Cleveland, it was announced at the Spring meeting of the organization's executive committee held in Chicago, June 18. Nomination is tantamount to election which will take place at the Association's 30th annual business meeting this Fall in conjunction with a national wartime conference on mortgage problems. The announcement was made by Frederick P. Champ, former President of the Association and Chairman of the Nominating Committee.

Mr. Woodruff is a native of Michigan and has been in the mortgage banking and real estate business for more than 30 years. For seven years he was with the Peninsular State Bank and ten years with the Union Guardian Trust Co., one of the largest producers of mortgage loans in the Detroit area. He resigned as Vice President of this institution in 1933 and organized his own company which is a correspondent for several life insurance companies. He has been a member of the MBA Board of Governors since 1935 and has served on many of the Association's committees. In addition, he has served as National Membership Chairman, Regional Vice President and Vice President. He is a former President of the Detroit Mortgage Bankers Association, a member of the Michigan Bar and was an officer in World War I.

Nominations for seven regional Vice Presidents and seven members of the Board of Governors will be presented at the annual meeting this Fall.

House Inquiry Hears Allegation That OPA Seeks Profits Control

The contention that confidential files of David Ginsburg, former General Counsel of the Office of Price Administration, have revealed that certain groups in the OPA have been seeking to bring American industry under governmental control by restricting profits rather than controlling prices, was attributed to Harold L. Allen, counsel for the special House Committee investigating the executive agencies on June 17, according to a Washington dispatch to the New York "Herald Tribune," which said:

Mr. Allen's statement, spread on the record of the committee, of which Representative Howard W. Smith, Democrat, of Virginia, is Chairman, was based on nine boxes of secret memoranda taken from the OPA by Mr. Ginsburg after he was drafted into the Army. They were obtained by committee subpoena from Mr. Ginsburg's home in Huntington, W. Va.

The "Herald Tribune" advices further said:

"Under the guise of war-time price control," said Mr. Allen's analysis of the documents, "the Office of Price Administration is seeking to bring the entire industrail system under bureaucratic control, by regulating not the prices of its products, but by controlling the sum of its profits, and by freezing them at the level earned by industry during the period 1936-39, irrespective of whether there has been an increase in the price of the manufactured commodity. There is no authority for such a policy in the price control act of January, 1942, or its amendments, the stabilization act of Oct. 2, 1942."

Formal reply of the OPA was promptly submitted, amounting to some measure of denial of the existence of such a policy, despite the circulation within the agency of the "confidential" memorandum before new regulations were issued after approval of the Oct. 2 act and promulgation of President Roosevelt's stabilization order designed to implement it. Henry Hart Jr., Deputy Counsel for the OPA, submitted the statement in behalf of Price Administrator Prentiss M. Brown, who took office long after the "policy" idea was formulated.

Although begging the question as to the "legal issue" of the authority at law for the OPA's present policy as it might affect profits, Mr. Hart submitted the following as an epitome of the program:

"The OPA has no program with respect to the reduction of profits as such. It has been granted no authority by Congress to control the profits of individual concerns. It has not been directed to do so by the President. . . .

"It should be pointed out that we are concerned only with industry-wide averages and with ceilings of general applicability. If an individual producer, selling under such a ceiling, can obtain a margin of profit which exceeds the industry's average, his own price will not be reduced. More than this the OPA will not reduce maximum prices where increased profits for an industry as a whole are clearly the consequence of improvements in efficiency in management."

Mr. Hart insisted that the scheme had been referred to "inaccurately" as a policy on profits control when it was only a "necessary element" in the price-control program designed to prevent inflation.

Explaining how the Ginsburg files came into Committee's possession after OPA officials had first professed to be unaware of their whereabouts, Mr. Allen said he discovered the program for bureaucratic control of industry in a file marked "profits." Memoranda in this file were marked "strictly confidential" and "confidential for office use only."

"The Ginsburg files," continued Mr. Allen, "show the OPA distorting the intent and purposes of Congress, as expressed in the price control act, using the price-fixing mechanism to control profits and redistribute them instead of using them to prevent inflation. This it does, even where prices have neither risen nor threatened to rise, and where there is no danger of any inflationary run-away."

In some cases, the action taken and proposed by the OPA, Mr. Allen told the Committee, will actually contribute to inflation by diverting large sums of money out of tax sources into "the inflationary stream of homeless purchasing power."

"The confidential policy-making OPA memoranda and correspondence established a criterion of unreasonableness and exorbitance in profits solely on the basis of the uncontrolled discretion or whim of the Price Administrator," Mr. Allen asserted. . . .

After the confidential documents had been examined, Mr. Allen said that the OPA had been called upon to explain its current price policy in so far as it pertained to the regulation of industrial or business profits.

Lead Stocks And Output Decline

Because of manpower shortages and other factors, the nation faces a decline in domestic lead production, the War Production Board revealed on June 18.

The optimism of the recent past has suddenly been replaced by a feeling of concern over domestic production following the revelation of changing conditions. At a Lead Industry Advisory Committee meeting held in Washington June 17, problems created by labor shortages, shipping restrictions and other production hindrances were discussed.

The WPB further added: "A large lead stockpile which, it appeared, would remain constant is being dug into at an accelerated rate. This stockpile had been increasing in volume for some time, but since the end of March or the early part of April it has begun to dwindle. In addition, domestic production has already declined substantially, one mine reporting a 12% drop in the last 60 days.

"The existence of these conditions, while not alarming at this time, accentuated the denial of a recent rumor that lead mines were to be closed because of oversupply.

"While this nation has ample supplies of lead on hand and in production to meet all current and foreseeable military requirements as well as essential civilian needs, conditions are variable and an accelerated decline in production might change the picture drastically since the United States is far from self-sufficient. Large quantities of lead must be imported, principally from Mexico, and current receipts might be increased if shipping permits.

"Though lead supplies are getting tighter, that does not mean that it should not be substituted for more critical metals, since various adjustments could be made in order that lead be made available for the most essential purposes of war production."

WPB officials agreed that a false impression had arisen concerning the plentifulness of lead, and again emphasized the necessity for stepped-up domestic production.

Aldrich To Address Russia Tribute Rally

Winthrop W. Aldrich, President of the National War Fund, will speak at a "Tribute to Russia" meeting in Randall's Island Stadium, New York City, on Sunday afternoon (June 27) it was announced by Allen Wardwell, Chairman of the New York Committee of Russian War Relief. Mr. Aldrich is Chairman of the Board of the Chase National of New York. Joseph E. Davies, President Roosevelt's personal envoy to Premier Stalin of the U.S.S.R., Mayor F. H. LaGuardia and Sidney Hillman, president of the Amalgamated Clothing Workers of America, also will speak. A pageant and entertainment will be presented.

W. W. Aldrich

The rally will culminate a nation-wide observance of "Tribute to Russia Week" being held from June 20 to June 27 as a salute to the Soviet people who on June 22, entered their third year of war. A special Russian War Relief committee consisting of Mrs. Franklin D. Roosevelt, Wendell Willkie, Bishop William T. Manning, Thomas W. Lamont, Thomas J. Watson, William Green, Philip Murray, A. F. Whitney, James G. Patton, Stanton Griffis and Owen D. Young is directing the observance.

Previous reference to this rally appeared in our June 17 issue, page 2291.

Paul Denies That He Is Engaged In Tax Service

Randolph E. Paul, General Counsel for the Treasury Department, in denying a charge made in the House that he was a party to a tax service soliciting subscriptions from banks, issued the following statement on June 15:

"It was charged today on the floor of the House that circulars have recently been distributed soliciting subscriptions from banks to a Tax Service 'published by Randolph Paul, the General Counsel for the Treasury Department and Jacob Mertens, Jr.' This charge was followed by a criticism of me as a 'high Treasury official engaged in such an enterprise.'

"I have no financial or other interest in 'Coordinators' Cyclopedic Tax Service' the publication referred to, on the circular of which my name appears and the use of my name in the circular was completely unauthorized. A number of years ago—a long time before entering the Government service in December, 1941—I made arrangements with Mr. Mertens and Callaghan & Co. to withdraw from further participation in Paul and Mertens 'Law of Federal Income Taxation', originally published by Callaghan & Company in 1934. Under my arrangement any further revision of this set of volumes was not to use my name, and the twelve volume 'Law of Federal Income Taxation' published by Callaghan & Co. used only the name of Mr. Mertens. Since that time, I have had no relation with that publication or any service derived from it."

President Congratulates Governors On Aid Given By States In War Effort

President Roosevelt, in a message to the 35th annual Governor's Conference at Columbus, Ohio, on June 21 congratulated them "on the job already done" and said he was looking forward confidently to even closer cooperation as the nation, the states and the localities "press on to victory."

The President also said that the time in which the Conference meets "is critical in that everything that we have developed, everything that we believe and cherish, is threatened as never before."

Mr. Roosevelt's message, dated June 11, was addressed to Governor Herbert R. O'Conor of Maryland, Chairman of the Conference. The text follows:

"My dear Governor:

"Within a few days now the Governors of the States of our Union will hold their 35th annual conference. The time is important because America, along with the other United Nations, is engaged in a world-wide struggle to determine whether the type of government which we have established and maintained here in the United States—a government dedicated to the welfare of all of the people—can continue to exist. The time is critical in that everything that we have developed, everything that we believe and cherish, is threatened as never before.

"The states understand this, and for more than two years they have been devoting their efforts and dedicating their resources to the defense program and the prosecution of the war. As never before in our history, Federal, state and local governments have been coordinating their efforts and focusing their activities upon one all important common objective—winning the war.

"I think we can take pride in the manner in which this great democratic people, operating through its regularly constituted public authorities, have converted our governments for war just as industry has converted its plants, its factories and its mills. We can have justifiable pride in what we have done so far, but only if such pride serves as a stimulant for the more arduous tasks that lie ahead—tasks to which we have put our hand, and tasks which we mean to see through.

"I congratulate you and the states that you represent for the job already done, and I look forward confidently to even closer cooperation and more effective operation as the nation, the states, and the localities—all composed of the same people—press on to victory."

Davis To Quit OWI If Domestic Branch Ends

Elmer Davis, Director of the Office of War Information, said on June 19 that if the Senate concurs in the House action to eliminate the domestic branch of the OWI, there would be no OWI and he would no longer be its director.

Mr. Davis told his press conference according to the Associated Press, that "this was a combination overseas and domestic job that I was called down to do. If the Senate concurs in the House view, that job is ended. It will be the job of somebody else to take care of whatever they choose to do in foreign information."

The House voted 218 to 114 on June 18 to eliminate from the war agencies appropriation bill a $5,500,000 item for the OWI's domestic branch. The $28,900,000 for foreign operations was left intact.

Reporting Mr. Davis as replying to Representative Starnes (D.-Ala) who it is said told the House on June 18 that this country needed no Paul Joseph Goebbels or Virginio Gayda. Associated Press accounts from Washington June 19 quoted Mr. Davis as follows:

"There is quite a difference between me and Goebbels, as Mr. Starnes would discover if he read the order by which President Roosevelt created OWI, or followed our activities," Mr. Davis remarked. "For one thing, Dr. Goebbels doesn't have to go to the Reichstag for his appropriation."

He (Davis) said that Senator McKellar (D-Tenn.) had agreed to let the OWI be heard by the Senate Appropriations Committee in defense of the domestic appropriation before it acts on the OWI budget.

Mr. Davis told questioners that it would cost a great deal more if every Government agency maintained a full information division, particularly in the field whereas the OWI's field service handles the information job for all Government offices in each city. Some arrangement also would have to be made, he said, to furnish the overseas branch, or its successor, with domestic news, a job now handled largely by the domestic branch.

Director Davis is a reserve officer in the Navy, and it was indicated he would offer himself to the Navy if the OWI folds up.

"The Navy has next call on me," he said.

The director said he wouldn't attempt to estimate how much politics was contained in the House action and would not attempt to analyze the motives behind the House vote.

"Our $8,800,000 budget was what we thought we would need for next year," he said, "we did not pad that budget."

The request was reduced to $5,500,000 and then eliminated by the House.

The action does not impair the OWI's foreign propaganda program, for which the House approved $28,972,504.

Republicans voted almost solidly for Mr. Starnes's motion to scuttle the domestic bureau. The lineup was 160 Republicans, 55 Democrats and three minor party members for the motion, and 108 Democrats, five Republicans and one minor party member against it.

Representative Cannon (D.-Mo.), chairman of the Appropriations Committee, said that the action would wipe out all wartime co-ordination of news releases for the radio and the press and eliminate the motion picture program.

The OWI employs approximately 1,500 persons in its domestic bureau and around 3,000 in the overseas branch.

The current appropriation expires June 30.

Becker Reelected Head Of Com. & Ind. Ass'n

Neal Dow Becker, President of the Intertype Corporation, was reelected President of the Commerce and Industry Association of New York for a one-year term at the annual meeting of the Board of Directors on June 14.

Other officers, also re-elected for one year, were: Stephen F. Voorhees of Voorhees, Walker, Foley & Smith, Vice-President; Thomas S. Holden, President F. W. Dodge Corporation, Vice-President; Jeremiah D. Maguire, President Federation Bank & Trust Co., Vice-President; Samuel D. Leidesdorf, S. D. Leidesdorf & Co., Treasurer, and Thomas Jefferson Miley, Secretary.

Post-War Period One Of Greatest Expansion For Independent Merchants, Says O'Neill Of NAM

Urges Protection From Over-Regulation

"The post-war period is going to be a period of the greatest expansion in independent merchandising in the history of the country," it was declared on June 21 at Cincinnati by William P. O'Neill, Vice-Chairman of the National Association of Manufacturers Committee on Corporation Peacetime Planning. Mr. O'Neill, who is also President of the General Tire & Rubber Co. of Akron, Ohio, went on to say that "opportunities for the men returning from the war to build an independent business of their own will be greater than they ever have been."

"But," he added, "plans must be made now to protect the small business man from over-regulation. He must be assured that after he builds a business he will be allowed the necessary freedom to operate it. By this I do not mean that the inefficient merchant should be protected, but rather that the competent fellow, in business for himself, be given safeguards which will permit him to make his business pay a profit."

Mr. O'Neill spoke before the Southern Ohio Post-War Conference of the National Association of Manufacturers; others who addressed the conference were Dr. Gustav Egloff, and Wilfred Sykes, and reference to their remarks appears further below.

Besides the portions given above from Mr. O'Neill's address which dealt with "Company and Community Post-War Opportunities and Responsibilities," he also had the following to say:

"Over the last ten years our tire dealers have made more money than ever before in their history. Yet young men hesitate to enter business today. A fear has grown up that independent businesses are doomed to failure because of the competition of chain stores or company stores.

"But the record shows differently. Our dealers, with competition from company owned stores, have prospered more than they did before that competition arose.

"The opportunities for independent merchants after the war are going to be greater than they ever have been before. There will be new products, new materials, new systems of merchandising.

"American merchandising methods are as important a part of the American way of life as American mass production. If merchandising had not created the demand mass production could not have existed.

"There are many economic theorists who do not realize this. They talk of the dangers of the machine age. They do not know that American merchandising has led the way in our free enterprise system.

"For every man that is employed in the manufacture of an American item of merchandise, eight are employed servicing or selling that item. This means that every time we develop a new article we create employment for eight times as many men as it takes to manufacture that article.

"For years America has led all the world in manufacturing. Our standard of living has been far above that of any other country. That condition has existed because we have been able to build articles which added to the comfort or convenience of our people. We have created demands for radio and washing machines and deep freeze units, and automobiles.

"We have made it possible for most of our people to have these conveniences because of our merchandising methods. Our high wages, topping those of any other country, have created markets unheard of in Europe.

"But with all these advances—with all this progress—we haven't seen anything compared to what we shall see when the war is over.

"War always accelerates scientific development. Because of the type of war we are fighting, that acceleration is faster today than it has been in any previous war.

"Plastics never before dreamed of have been created by our chemists in search of synthetic rubbers. Searching for war materials, scientists have stumbled upon valuable peace time products. Short cuts in manufacture have been found. Research for planes has resulted in light, strong materials for which there will be a hundred peacetime uses.

"Distribution methods have been revolutionized and the post-war methods of merchandising will be entirely unlike those of pre-war days.

"So the young man returning from war with a small amount of capital to invest will find many opportunities to enter business for himself. He will find Americans demanding new products for their homes, for their automobiles, for their recreation.

"He will find that science has created for him new things to sell and merchandising has created a demand for these articles. He will find that the country's chemists have produced materials from which to fashion these new products.

"For our country's chemists have left those of competitor nations far behind. Germany may well lose the war in chemistry. When World War I began Germany had 98% of the nation's chemical dye business. Today we have 98%.

"The reason is that Germany is no longer a free enterprise country. In those days it was, and all men had a chance to put their brains to work.

"With the advent of Hitler and state socialism the brains of all but a few men were scrapped. Hitler announced that only the master race could continue research . . . only the master race could function in any capacity in Germany.

"The common misconception is that Hitler exiled Jews only. Quite the contrary is true. He chased from his new order Jew and Dane, Frenchman and Dutchman, Englishman and American. He permitted only his so-called pure Aryans to stay.

"This was the deathknell for German scientific advance. By this one order he limited the brains he could call upon to carry out his plans.

"We have always led Germany in the manufacture of tires and rubber goods. We have not always led them in chemistry. Germany has been playing with synthetic rubber since the first World War. Germany has had a need for synthetic rubber since that war began. Her chemists have been working night and day toward a 100% synthetic truck tire. The most they have been able to reach is 65%. Already we are making 70% truck tires. Before the end of the year we will be making tires at least 90% synthetic. All our tire plants are turning out 100% American rubber tires today.

"Our chemists today are way ahead of the competition in rubber chemistry and drawing farther away all the time. This is equally true in all organic chemistry. It is true because we draw on all of our brain power, rather than on 10% of it.

"It is true because America is a conglomeration of races. The blending of those races in a background of free enterprise has created ambition and opportunity to develop talents fully.

"From the battle fronts of this war come stories of the superiority of American planes and guns and tanks. Germany had been planning on war for ten years, but after our scientists went to work we caught and passed them in the production of war materials.

"Our mechanical genius is greater than theirs because here every man with mechanical ability has a chance to display that ability. In Germany this opportunity does not exist.

"With the ending of the war, all this war time development will be channeled into peacetime pursuits. The great advances of war chemistry and war engineering will be turned to building a new America—an America with greater opportunities for the young men than ever before. It will be an America of new horizons of living. It will be an America with a living standard never before approached. It will be an America of free enterprise for a free people, maintaining freedom to operate our American institutions. It will be the America we are fighting to keep free."

Dr. Egloff, who is Director of Research of the Universal Oil Products Co. of Chicago, and President of the American Institute of Chemists, discussed "Post-War Values of Technology" at the conference; an abstract of his address follows:

"The motorist of the future instead of buying a new set of tires for his car may buy a new car for his tires, in the opinion of Dr. Egloff.

"The tires of the future, and the not distant future, will have a minimum life of 100,000 miles. This is because they will be made of synthetic rubber, designed by man to meet exact specifications and produced from American petroleum in American refineries. There will be literally thousands of different synthetic rubbers on the market in the peacetime to come, each one serving its best function, not the least of which will be tires for every requirement. Synthetic rubber is here to stay and fulfill our every need.

"However, the new metals and alloys, and new techniques of using them will also make the car far more durable than have been the models of the past, so it may become a race against time between cars and tires.

"There is a danger inherent in this," Dr. Egloff warns; "that is, things may last too long. Our invention and technique will advance so fast that today's models may be hopelessly outdated tomorrow. People who refuse to discard what they have because it is not worn out," he explains, "will deprive themselves of much greater benefits they could gain by adopting the new—benefits that will outweigh the expense of replacing the old.

"It will be the job of industry to convert promptly from a war to a peace economy and to turn out newer and better articles for public consumption as rapidly as possible.

"The speaker pointed out that the spur of war has speeded up reasearch so that more has been accomplished in the past two years than had been achieved in 50 pre-war years. In the speaker's opinion, the greatest developments are to come in the field of airplane and automobile production, which in turn are dependent on the production of suitable fuels and lubricants by the petroleum industry, which has advanced by giant strides since the beginning of the war, and is still increasing.

"It was pointed out that one obstacle to the greater use of airplanes has been the lack of a sufficient quantity of the most efficient fuel. Such fuel now will be present in great abundance.

"Materials of construction which were cited as having been discovered, developed or greatly improved since the beginning of the war include magnesium, aluminum and their alloys, plastics, plywood and glass.

"The development of the synthetic rubber industry in the war is showing us how to make ourselves independent of foreign sources of supply and to make rubber available at low cost for a vast number of uses to which it has not yet been applied. As examples of this are cited a thorough cushioning of railroad cars, better insulation of train bodies and the silencing of unnecessary noises from many sources."

"Free Enterprise In the Post-War World" was the subject of the address delivered at the Conference by Mr. Sykes, who is Vice-President and Chairman of the Post-War Committee, National Association of Manufacturers and President of Inland Steel Co. of Chicago. His address follows in full:

"Not so long ago we had to argue for any sort of post-war planning. When we first thought about it privately, our patriotism was suspected. The war had to be won first. And when we began to talk about post-war in public, as the earliest planners in the field, we almost had to apologize for our forethought.

"But now look at the field. The latest survey shows the number of organizations and groups earnestly rearranging the post-war world is approaching 200. And that number takes no account of the fact that each government bureau in Washington carries within it a subsection devoted to the future of its own particular activity. Probably the only really free competitive enterprise at present is the making of post-war plans.

"The National Association of Manufacturers was in the field of post-war planning even before there was a war—through its Committee on Long-range Economic Problems, which had been active since 1936. It became the Post-Defense Committee early in 1940 and became the Post-War Committee early in 1942. We have been keeping ahead of the changing situation.

We Have Plenty of Planning

"We find ourselves in a throng of post-war planning groups, many of them undertaking on short notice to overhaul the entire economic system.

"They proclaim that now is the time—that the golden opportunity for change is during the upset attending the conversion of 70% of enterprise to wartime production and its eventual reconversion to some sort of enterprise in peacetime.

"Too many of them assume that our past faults lie in our institutions, not in the fallible human judgment with which we conduct them. They bristle with startling and controversial proposals.

"As we digest the views of our contemporaneous post-war planners, we learn for instance that some think moderate inflation would be desirable to keep everyone happy — however deluded. Others would make all the basic industries into public utilities under government regulation. Earnest and apparently patriotic men have no hesitation in proposing a complete renovation of the Constitution, because conflicts between the executive and legislative branches have often deadlocked this otherwise dynamic country.

"Many groups take a spontaneous directive from Stuart Chase, whose 'Goals for America,' published by the Twentieth Century Foundation, declares we are undergoing an economic, political and social evolution, so accelerated by the war, that it takes on revolutionary proportions.

"In this vein, we learn from planning groups that the great contribution of capitalism to modern society was mass production. It has failed miserably, we are told, in mass distribution. Otherwise there would have been no poverty in the midst of plenty. Therefore we are to have a planned and controlled economy after the war as during it, and perhaps even more so. The traditional American system of free enterprise is to pass into history. The doctrine of economic freedom is an anachronism. The collectivist solution is at hand.

"Thurman Arnold, who used to go about as the Government's trust-buster until the President appointed him to be a Judge of the Federal Circuit Court of Appeals, addressed the New York Rotary Club on the subject, three weeks ago. According to this latest correspondence from the industrial revolutionary front, the greatest era of development this country has even known will be ushered in when vested capitalistic interests are ushered out—when management has no responsibility for anything but paying for the risks and conducting certain ceremonial functions about products, quantities and prices—subject to collectivist veto. Labor is to be represented on the board of directors. Government is to become a partner in the business.

"Elsewhere we are told we have evolved into a restricted as well as a collectivist economy. There are no more economic frontiers over which we can pioneer. We are warned that we can never hope to reemploy the 15,000,000 men who will come back from the wars and out of the war plants.

"We are told enthusiastically that the post-war provision which will save the soldiers from selling apples in the streets and save the unemployed from raking leaves in the parks, will be public works vaster than any earlier civilization has seen. We are to prepare to rebuild cities, tame watersheds, conserve forests, restore grasslands, unify our transportation systems by land and water and air, build civic centers, libraries, museums, laboratories, universities, encourage the fine arts. Isn't this wasteful, we ask. We are told: No more than war.

"All these proposals are plausibly presented to the public by men who honestly believe in them. To determine the extent of public interest, the NAM had the Psychological Corporation make a study. The finding was that 92% of persons of all wage groups were now in favor of immediate planning for the post-war world, without waiting until the war is won.

"In the uncertainty which the conflicting planners have produced, however, the public has come to the quick and easy solution of public works. The same opinion study shows 61% were in favor of the immediate preparation of a vast public works program, so that they might continue in their present jobs or something as good.

The Test Is Intention

"If we follow all this post-war thinking carefully enough, we are sure to encounter all the issues. We may be almost swamped by them, but we discover the importance of a fundamental test: What is the intention of each plan?

"In various plans we find the same set of problems may be met by democratic or authoritarian solutions. They have been so met, in fact, in democratic, fascist or communistic countries, and the solutions all work in some fashion.

"The question is: Which solution do you prefer?

"Certainly it would be unrealistic to say the communist and fascist systems have no vigor. The Germans and the Russians would have a great deal to say about that in their mutual opinions of each other in the second year of their war. And it might be interesting to ask either Germans or Russians what they think of the way we have been able to throw our own weight.

"In a general way, I think the

most important evidence of intention is whether the planners propose a centralized economy or a decentralized one. In some of the plans there is not yet enough evidence to identify them.

We Want Free Enterprise

"As to our own plans, let there be no mistake about our intention. If you need any evidence, you will get it later when I set out our approach to decentralization. Quite simply: We are for free competitive enterprise.

"Now many of you may be surprised that I should think it necessary to proclaim this. Haven't we always been for free competitive enterprise? Yes, but there has been a profound change in our circumstances: we no longer have free competitive enterprise; and we are told we may never have it again. We will have to go into the court of public opinion, and of Government action, to get it back.

"To justify restoration of the system of free competitive enterprise we have two main arguments. One is that we come into court with clean hands—see our war achievement. The other argument will be the effectiveness of our post-war planning.

"There can be no question of the effectiveness of the managers of free enterprise when the war broke on us and our major competitor became Hitler, with Tojo as a subsidiary. The effectiveness with which free competitive enterprise accommodated itself to the situation, did not come out of Washington. It was brought to Washington by the top-notch private business men whom the Government called in from their competitive occupations. And when the last shot is fired, the business men of this country will feel entitled by their performance to go back to the job of producing through free enterprise the goods and services which this country needs. That's one of the things we think we are fighting for.

What the NAM Is Doing In Post-War Planning; the Committee Set-up; How It Works

"Now we of the National Association of Manufacturers believe that we can not depend on others for the post-war plans which will bring about this return to free enterprise.

"We are glad enough to cooperate with others who appear to be going the same way, but we can not turn our responsibility over to them. When we plan in the NAM, it is more than an exercise of the social imagination or a display of philosophic economics. Our plans are not suggestions for others to work out.

"What distinguishes the post-war planning of the NAM from all others is that we are the men who have to make some plans work.

"For that reason our Post-war Committee is composed of a hundred men, representing manufacturing members throughout the United States. Their function is to stimulate and guide industry to formulate post-war plans for free enterprise, and to work to have them understood and accepted. They must be understood and accepted first by industry itself, and then by government and by the public — meaning anyone who makes goods or grows food or moves them along to the ultimate consumer, which is still the public.

"Let me indicate some of the problems being studied in our committee.

"One is the impact of the demobilized troops on the employment situation, while war plants representing 70% of industry are at various stages of reconversion to peacetime uses.

"Another is the circumstances under which wartime controls—of payrolls, manpower, prices, materials, credit, etc.—should be taken off. Also the disposition of more than $12,000,000,000 of government owned plants and manufacturing facilities, and surpluses of more than $4,000,000,000 of inventory and goods. Also, the termination of government contracts of which the current outstanding total is $75,000,000,000. Obviously these factors will have a tremendous effect on the working system, if not practically handled.

"In its planning sessions the Post-war Committee of NAM presents an impressive spectacle of corporate thinking. By that I don't mean corporation thinking, but organized thinking intended to add up to a realistic policy—not just a parade of intelligence.

"These sessions are attended not by the second assistant to some remote executive, but by the heads of enterprises, large and small, chosen to give a country-wide section of American enterprise. They are willing and they spend days discussing differences of opinion in the belief that a problem adequately stated is already half solved.

"Some of the most important industrialists of the country have said to me that they came away from these meetings having learned more about enterprise than they ever thought they had still to learn.

"We are protected from any one's half-baked ideas by the fact that our membership is so diverse in manufacturers, and the management which represents them has usually worked its way from the bottom to the top. Most of us have. That is one of the best ways to understand an enterprise. And if you don't understand it, you can't manage it.

"One of the warning facts that our committee demonstrate emphatically by contrast is that so many planners, in and out of government, lack this solid know-how of experience. But they have no hesitation in their brain-trusting for enterprise.

Why These Regional Meetings?

"Our own brain-trusting leads naturally to the decentralized approach to post-war planning. It is represented by the series of regional post-war conferences, of which this is the first.

"We come to it in the recognition that any piece of national post-war planning can be given meaning only by the discussion which makes it regional, and by the application to which it comes regionally.

"Consequently we believe the future of free enterprise does not rest entirely in the hands of national committees—even our own—but in the regional membership which can be induced to plan, each industry cooperating with other industries locally and with their communities.

"What we hope to start out of these regional conferences is a great number of plans that fit each company and community practically and to get a better knowledge of the principles which the system has found good. That is the way our free enterprise system has run in the past, and brought us so far. That is the way we believe it must run in the future, if we are to get any farther.

What Is This Free Enterprise, And Who Else Wants It?

"Now we have been talking a great deal about the free enterprise system—so much that our Post-War Committee found during the past year that it would be wise to attempt to write down just what we meant by free enterprise.

"As planners, we come to this attempt because we find some of our industrialists still dislike the word 'planning.' In the least form of their dislike, they incline to dispose of the whole matter by saying the National Association of Manufacturers is just another planner. In extremes of dislike, they consider 'planning' is associated with the substitution of government decree for private initiative, in accordance with a plan for each individual espoused and enforced by the Government.

"The National Association of Manufacturers is still engaged on a formulation of the nature of the free enterprise which we plan to have, which will satisfy all of us; but meanwhile I should like to list the essential advantages of free enterprise, in my own version, as one who sat in or presided at many of our discussions on the subject.

"We found it wise to attempt to identify free enterprise clearly because we found that the principles of the system, on which we could now unanimously agree as self-evidently good, have been the victims of all-too-recent violence at the hands of government, of labor and even of ourselves.

"Before we get into that, let me say I am considering the free enterprise system as the whole system by which we propose to make a post-war living — whether we live by a farm or by a factory, by marketing, or by serving those who do.

"Too much confusion has been caused in our own minds, and in the public mind by thinking of enterprise only as management. The enterprise which I am defining is manned as a whole by owners, by management, and by labor—all working for hire, whether you call it dividends, salary or wages.

"Together they utilize men and materials. If you wish, you may add money, although that is in its soundest sense only the shadow of the operations of men on materials. Without men and materials backing it, the movement of money is only shadow boxing.

"Now don't think I've left out government, the public, the consumer. Taken together with owners, management and labor, all overlapping and cross-compounding, all these words serve only to identify different aspects of the same people. They all have to earn a living under whatever system prevails in the place where they live.

"And that brings us to free enterprise.

"When I list five essential advantages which should be characteristic of the free enterprise system, you will recognize in each of them how much violence they have suffered.

"Free enterprise offers to the public:

"1. Steady employment of men, materials and money.

"2. Pay for owners, management and labor based on performance.

"3. Not only more of the accustomed goods, but better goods and goods we have never had before, due to technological advances—as when the automobile, the airplane, the radio first appeared on the scene.

"4. Fair prices which will move these goods into a rising standard of living. When technological improvements make it possible to use less labor or less material for a unit of goods, the price of that unit must come down so that more of the goods may be sold—to the advantage of everybody in the system of plenty.

"5. An opportunity for the American public to profit from the part of their pay which they have saved. They may do it by direct investment for dividends; or by entrusting it to a savings bank or insurance company, which invests it for them and returns them interest.

"Now under this free enterprise system which the Post-War Committee of the NAM is preparing to identify substantially by the five advantages I have listed above, there are certain principal functions to which various post-war planners propose to do more or less violence. It is essential that these functions be understood by ownership, management, labor and government, in their mutual relationships.

"The function of ownership is to put its savings into free enterprise, taking the risk of losing but hoping for reward. Quite often, ownership loses its shirt. But when it wins out, it feels entitled to pick up its winnings. It may all seem fair enough in those terms, yet earnest men are arguing that this freedom of investment had better be brought under close restraint, for its own good as well as for the common good.

"Next, the function of management in the free enterprise system is to compete freely in the production of goods and to price them freely. This competition to sell goods, in our judgment, stimulates research and yields more new products, giving the consumers more for their dollars than any other system. The public should understand this, no less than management.

"It is a risky business, moreover, because the public decides what it likes and refuses the rest; and the goods must be priced so that the public can and will buy. This requires constant planning and accommodation to the changing economic situation—not only with regard to the competitive process but also with regard to the prosperity of the system as a whole. Manufacturers for instance cannot be prosperous while the farmers are being impoverished. We rise and fall together.

"Mistaken judgment by management, which is not necessarily bad judgement, may result in losses, even failures which close an enterprise and leave management out of a job. Some time ago, and in some minds not so long ago, it was thought management could avoid this risk by substituting monopolistic practices for competition, and substituting price fixing for the free movement of prices. Experience has taught all of us better. And when the Post-War Committee of the NAM calls for a clearer statement of the anti-trust laws and their intelligent enforcement, it is not just a pious expression for public consumption. It represents the mature and unanimous judgment of the committee—and it is one of the things we want.

"Labor, which is a man working for a living just like management, is distinguished from management by labor itself in an opinion survey published by Fortune magazine last February. In that survey, factory workers were offered a choice of three different kinds of job. Fifty-five per cent. picked "a job that pays quite a low income but that you are sure of keeping." 27% chose "a job that pays a good income, but that you have a fifty-fifty chance of losing." And finally 15% would take "a job that pays an extremely high income if you make the grade, but in which you lost almost everything if you don't make it."

"There you have a labor lineup in favor of security in its current earnings. The final 15% who were willing to gamble on their ability are the working men who take the long-term view and eventually become management by natural selection. That's the way most of us got up here at the risk table. We wanted it so.

"Since labor has chosen its own role and left us to choose ours as management, I wish they would let management be management. Our Post-War Committee feels that labor should let us pay more to those who do more and let us install machinery which increases a man's productivity. For the more goods we produce per man the more goods we will have to divide per man. This is another of the economic truths the public should understand and emphasize.

"Incidentally, it brings us to what is wrong with the public works panacea. Government jobs do not create goods. They just equip a large number of people with money which the government takes by taxation or borrowing from those who do create the goods. These government workers then go out and take up their money's worth of goods. Public works are just a share-the-goods scheme.

"Labor seems to be recognizing a few of these truths, and showing healthy signs of coming of age economically. William Green, President of the A. F. of L., recently declared his 6,500,000 union members were willing "to join hands with industry in a fight for freedom of business enterprise."

"The CIO is not far behind in its expressed recognition that free enterprise might provide a better deal than the Government.

"I am not so sure they mean exactly the same thing as we do by free enterprise, however, and that is one of the values of setting our meaning out.

"The labor unions have recently been shocked by highly centralized orders on jobs and wages which outrage their sense of practicality. And they have been shocked by what a hostile Congress can do.

"Labor is discovering that an administration which seemed to be a special policeman for labor can turn into its jailor. We discovered that, independently, in the depression and thereafter. And now a stronger labor policy, propelled by public understanding of events, is apparently being shaped in Congress.

"As to government and free enterprise, there is a tremendous importance in setting out just what we think the function of government should be. I think it is essential that government should understand it as well as the public. The NAM has often been damned out for being consistently against the Government. We are not against the Government. We are against the mistakes and trespasses which this and other administrations have made. Some of the administrations were Republican, let me say; and some of the mistakes were policies which we ourselves mistakenly approved until we found out where they led. If you are speaking of the American Government in its proper sense, as something conforming to the Constitution of the United States, then you will get no more enthusiastic affirmation anywhere among the American public than in the Post-War Committee of the NAM, that the Constitution is the best device yet found for reconciling government by the majority with the rights of individuals.

"Now, what is our conception of the duties of government to the free enterprise system? Fundamentally, it is not to dominate enterprise except in a national emergency. And after the national emergency, it is the duty of government immediately to set enterprise free. The normal domestic powers of government are police powers. It should set up and enforce rules for fair competition and free movement of prices, for safe investment of savings, for collective bargaining between labor and management based on equal rights and equal responsibilities as corporate entities. The Government should use its tax power only for the support of government and not to effect roundabout social changes. Such changes as any government administration considers desirable should be stated openly and debated and decided by the voting public at the polls. It is essential that the public understand and demand these things in order that the Government may be brought to do them.

What Are the Government's Intentions?

"This brings us to the main question confronting us as post-war planners: What are the in-

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Post-War Period One Of Greatest Expansion For Independent Merchants, Says O'Neill of NAM

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tentions of the Government as to free enterprise?

"In the last 14 years we have spent billions—name your own figure—in educating this country to the knowledge of what Government control could do to enterprise.

"Now, what about Government freeing enterprise?

"Our post-war deliberations so far have suggested that in letting go the obvious wartime controls—prices, materials, rationing, savings, manpower, etc.—it might be possible for the Administration to upset enterprise if it wished to upset it. And even if the release of controls were negotiated in an orderly and cooperative fashion with the Government, the Administration would still have the power to destroy free enterprise through the Government's fiscal policy.

"The Government can free enterprise all right, but it may make that freedom impotent by a tax structure which represses venture capital and prevents the accumulation of proper reserves for the reconversion of enterprise to peacetime jobs.

"The Administration can maintain this tax structure in such shape that free enterprise will fail in the first test for its survival: providing steady employment.

What Does Enterprise Propose?

"That is why I now say, that while the self-appointed reformers of enterprise may not get all they plan, yet in the flux and reflux of the transition period there is real danger that they may get enough to turn free enterprise into something else.

"We need a basic clearing of the post-war future for free enterprise—perhaps by something like the Charter of the Atlantic. If official Government assurance cannot be had for free enterprise, then both major political parties should be asked to proclaim for it in next year's election. They should be asked to take a stand: Who is for free enterprise? Who is against it?

"I think the modern industrial society must be a free competitive society for the greatest good of mankind, not because we manufacturers like that system, but because it actually works that way.

"You may call for a new capitalism in the post-war world if you wish. But in my belief, what we need is no newer than the Constitution even after amendment—and it no less the same basic organism than the 1922 automobile was when it became the economical stream-lined, low-priced model of 1942.

"We get used to progress so easily because we have always had it. We don't notice it. Sometimes we even agree with doubts of its existence. Yet if we annually celebrated the anniversary of the first road test of an automobile, or the first day an airplane took the air, or the first broadcast was received, we would be aware of progress. Within the lifetime of most of us here present all those things have happened. And they didn't come out of Washington.

"Of course, for those who don't mind collectivism, the whole post-war problem can be solved quite simply by default. When some 10,000,000 men come out of the Army and the war industries looking for peacetime jobs, in default of such jobs they will all be put on public works. Then the economy would be almost as short of the common civilian goods as it was in war time; and rationing, price ceilings and other wartime controls would have to stay on—just as long as the 10,000,000 stayed on the public works payroll. We would have a larger superstate than ever . . . and coupon books in peacetime as at present.

"I have no fear that we cannot do the job of planning for the post-war world and executing the plans, if the Government will permit. The Government recognized the value of using top-notch business men in getting the war effort rolling. It has recently been urged by the NAM through formal action of its board, to use top-notch business men likewise in guiding enterprise back to freedom. We are still waiting a sign.

"Meanwhile we have brought the problem to Cincinnati. We of the NAM Post-War Committee urge that each company should plan now for what it will do after the hostilities—what old products and what new products it will make, how it will sell its products, how many jobs it will provide. Ten thousand efforts of enterprisers, growing from the bottom and executed enthusiastically by those who initiated them, will more securely permit post-war prosperity than one big master plan for everybody. With 10,000 individual plans, the errors of human judgment will be distributed. With one master plan, however, if it is wrong, we all suffer. Government capacity to do the right thing at the right time is questionable. Decision is made by too few.

"In conclusion, let me say there is no simple and easy way of restoring free enterprise in the post-war world. I think no one here would question that it means hard work and practical planning. Your national committees in the National Association of Manufacturers have been doing their share toward formulating the problems in realistic terms. The practical answers must come out of the individual companies and local communities. We believe they can come from nowhere else. Lest free enterprise go by default, we urge your initiative. Let us together show the superiority of the realistic over the hallelujah approach."

From Washington

(Continued from first page)

Mr. Roosevelt is not going to do anything. Jimmy Byrnes is still surrounded by Leftists, having gotten rid of only one of them, so he certainly isn't going to do anything. Instead, he has lined up completely with the subsidy boys. The result is we have foodstuff plants closing down, more and more foodstuffs being withheld from the market; in a "land of plenty" we are having food shortages. They are shortages created by Washington bureaucracy, not actual shortages. One has only to go out in the country and visit the war plants to realize that the shortages are plenty serious and that disturbances are not far away.

The House sought to curb the OPA by cutting its appropriation last year. Immediately the hue and cry went up that we were headed for inflation. The propaganda was effective and the Senate largely restored the agency's funds. The truth was that Leon Henderson wanted the money to further add to his army of Leftists. Since that time it has been fully revealed what these fellows are trying to accomplish. A handful of them have been exposed and made to go into the Army. That there should be any doubt in anybody's mind that a thorough housecleaning is necessary, is amazing. Nevertheless, we are up against the same propaganda that it would be disastrous to tamper with this agency. It is just the reverse. It will be disastrous if something radical isn't done.

The irony of the whole mess is that Chester Davis was brought back from his lucrative job as governor of a Federal Reserve Bank in the Middle West to handle the food situation. He isn't in town 10 days before the propagandists start after him. He hasn't been able, under the circumstances, to accomplish anything and now Henry Wallace's boys are spreading the word that Chester is to go and the wonder boy, Milo Perkins, is to take over. Presumably, they would have Milo take over the food problem and coordinate it with the billions he is mysteriously spending in connection with the operations of the BEW. Part of these operations have for their purpose the setting up of a post-war arrangement by which all foreign trade would be between the governments, private industry excluded.

Milo is a former high pressure burlap bag salesman of Houston, Texas, who at the age of about 30, wrote Henry Wallace an impetuous letter saying he just couldn't resist telling him, Wallace, how much he, Milo, a successful business man at an early age, wanted to work with Henry in spreading the principles of the New Deal. The letter, of which this writer has a copy, is an amazing document in view of what it wrought. On the strength of it Henry brought Milo to Washington, in a few months turned over the Department of Agriculture pretty much to him and subsequently placed him in charge of the BEW.

A Senate committee has been unsuccessfully trying to find out what he is doing but he stands on "military secrecy" in not telling.

Reams and reams have been written about this wonder boy. He's only about 40 now. Somehow or other, however, no writer has ever revealed Henry's probable affinity for him. It is the fact that during his residence in Houston, Milo made the attic of his house the headquarters for a religious cult of which Milo served as "Priest-in-charge." Entrance was gained by a disappearing ladder.

Henry is a mystic, has made a great study of such subjects as the Llamas of Tibet. He and Milo have the same evangelical approach to world problems, especially to putting themselves over.

Whatever has become of Milo's cult since he became a world-saver is not known. Probably it is leaderless; what is worse, without an attic to meet in.

Taft Seeks Curb On Payment Of Subsidies

Legislation to curb government authority to pay subsidies has been introduced in the Senate by Senator Taft (Rep., Ohio) and is likely to be acted upon this week. The proposal is an amendment to the bill extending the life of the Commodity Credit Corporation and its borrowing power. Senator Taft seeks to limit the CCC to financing food subsidy payments to a level of $250,000,000. His proposal would replace a previously-approved section of the CCC bill permitting $500,000,000 to be spent in subsidy payments.

He was reported by the Associated Press on June 20 as saying that the House's action in restricting OPA subsidy payments would not prevent all subsidies since as he understood the action it applied only to the OPA leaving the way open for the Reconstruction Finance Corporation or other government agencies to finance the payments. He thought it would be "pretty awkward" to bar subsidies in such a way, and noted that certain obligations already had been made.

Private Industry's Production Record Answer To Advocates Of New Economic Order

(Continued from first page)

workers, who man such instruments of production.

"These facilities exist today and are successfully operating at or near full capacity for the security and future welfare of our country because we have had in America for generations a system of free private enterprise, which has permitted the development of our great national resources, the establishment of the most modern types of mills and equipment, and the training of highly skilled organizations to operate these plants.

"The production record of American business during the past two or three years should be a complete answer to those critics, or advocates of a new economic order, who not so long ago advanced the notion that our industrial system is moribund and incapable of meeting the needs of the nation. On the contrary, gentlemen, private industry is a very live and potent force, which today is making a mighty contribution to the country's war effort.

"Those of us who are associated with the steel industry are proud of that industry's record during this critical period in our history. Last year more than 86,000,000 tons of steel ingots were produced in the United States. Of that quantity 30,000,000 tons came from the furnaces of United States Steel—an amount believed to be in excess of the combined annual steel production of all of the Axis Powers.

"United States Steel has operated continuously for more than two years at a rate in excess of its full capacity for finished steel products. The corporation established more than a thousand new production records in 1942. The corporation has embarked upon numerous new projects for the winning of the war. Expenditures and authorizations since June, 1940, for additions and improvements to facilities total in excess of $700,000,000, a large part of which is for account of the Government."

Prentiss Brown Defends Use Of Subsidies In New Plan For Food Price Control

Price Administrator Prentiss M. Brown declared on June 15 that the OPA's new food price control program, stabilizing prices through the use of Government subsidies, "must work" if the nation is to avoid "a major defeat on the home front."

Addressing a conference of wholesale and retail food industry representatives in Washington, Mr. Brown said that "we have all learned the hard way that we cannot stabilize prices unless we stabilize costs and that we cannot stabilize costs unless we stabilize prices. We have been directed to hold the line. We shall hold it. The food price program we are developing is a hold-the-line program."

Prentiss M. Brown

He went on to say:

"For many months, as you know, our thinking ran in terms of substituting a margin control technique for price freezes. This thinking was based on the fact that costs were not being firmly held and that distributors were being squeezed by the pressure of rising costs against fixed price ceilings. We were fully aware, of course, of the dangers of margin control. . . .

"So long as it appeared that costs of goods would continue to increase, we felt it necessary to protect the distributive trades through the substitution of margin control of our freeze regulations.

"The Executive Order of April 8, the hold-the-line order, has changed the picture radically. The Administration is determined, inflexibly determined, to stabilize wages and the cost of living. It must be recognized, of course, that there will be some prices and some costs which it will be impossible to hold, if production is not to be impaired. Where such price and cost increases are unavoidable, the Administration is determined to protect the cost of living and the wage structure through the judicious use of Government subsidies. In the light of the hold-the-line order, the substitution of margin control for the direct fixings of prices themselves is no longer necessary. Indeed, it is wholly inconsistent with the hold-the-line policy. Accordingly, we have abandoned all thought of such substitution."

As to the Congressional discussion of the subsidy matter, the Price Administrator said that "it was seen by all of us, by all of the witnesses who testified before the committees," that with the "three fixed and definite limitations" "this program could not work without employing Government funds to some extent."

Admitting that stabilizing the cost of living had not been successful, Mr. Brown listed these four reasons for its failure:

"First, the tax and savings program failed to siphon off a sufficient proportion of excess purchasing power.

"Second, because of a lack of jurisdiction, the War Labor Board was unable to stabilize wages before last Oct. 2.

"Third, because of inadequate powers to control farm prices, cost to food processors continued to increase, forcing upward adjustment in their prices.

"Fourth, because of inadequate use of subsidies which might have been employed to meet the pressure of raising costs, it was impossible to avoid upward adjustment of retail prices and cost of living."

Mr. Brown said "these gaps in our control were far more damaging than the increases in ceiling prices themselves would indicate," adding:

"These gaps were responsible for the growing complexity and unworkability of our entire program to control food prices, as a result of which prices have run considerably above ceiling levels."

Paralysis Fund Check Given President

A check for $1,000,000 for the benefit of the National Foundation for Infantile Paralysis, Warm Springs, Ga., was presented to President Roosevelt on June 17 by Nicholas Schenck, Chairman of the Motion Pictures March-of-Dimes Committee. Also attending the ceremony at the White House was Basil O'Connor, President of the Foundation.

A total of $2,000,000 was received throughout the country by movie exhibitors but half of the money goes toward helping combat infantile paralysis in the community in which it is raised.

Twentieth Century Fund Surveys Wartime Changes In Nation's Economy

According to a review of wartime changes in the nation's economy and of probable post-war problems in eleven major fields of American life recently made public by The Twentieth Century Fund, the people of the United States have reached substantial agreement on what they want after victory is won. The review gives the background facts and poses the outstanding issues to be met in the following fields of interest: international relations, industry and business, transportation, finance, agriculture, labor, public works and urban redevelopment, housing, health, education, and economic security. The results of the survey are being published in a manual, edited by Evans Clark, the Fund's Executive Director, entitled "Wartime Facts and Post-war Problems."

In the section on international relations, the report says: "American domestic post-war policies will be radically different if the United States is part of a workable system of collective security and revived international trade than if we cut ourselves off from commerce with the rest of the world and have to prepare to defend ourselves alone against any possible enemy or enemies in combination."

Domestically, it is stated, our chief problems center around the achievement of full employment of our productive resources—both human and material. The section on business and industry in the report describes our wartime increase in productive capacity as "sensational" and estimates that "we shall emerge from this war with a plant capable of producing possibly twice the volume of durable goods which the consumers of America have ever had the buying power to purchase—even in the most prosperous peacetime year. . . . For the first time in history the industry of a nation will be physically equipped to give every family in the country what we know in the United States as a middle-class standard of living. Our people—both at home and at the front—are beginning to realize it can be done. If, after this vision, it is **not done**, if the new machine is allowed to stall, the disillusionment of the population might threaten the foundations of society."

On the question of how to get our economic machine running and keep it running, the report points to authorities who believe we face a fundamental conflict between reliance on private enterprise and government control of our economic life. "It is to be hoped, however," Mr. Clark suggests in his introduction, "that the American people will realize that a third possibility exists: a judicious and practical mixture of free enterprise and government action that will give a common ground over which the extremists on both sides can go forward together to greater national achievement."

In the section on agriculture, the report observes that the post-war problems of agriculture will largely depend—if not in form, certainly in magnitude and urgency—on the policies that are carried out in two other fields: industry and international relations. Agriculture, more than any other area of our economic life, illustrates the extreme interdependence of the modern world—of one industry on another, of one nation on all the rest.

After examining such agricultural problems as farm income, crop surpluses, government aid and government controls, this section of the report warns that present wartime pressures for increased food supply may lead to an embarrassing over-supply after peace returns, unless intelligent effort is made now to foresee and meet the problems of peacetime agriculture.

The recent rapid increase in the unionization of workers is described in the section on labor, which analyzes some of the attitudes and problems of workers, employers, and the public. On the production side, the report says:

"The central labor problems after the war will be to allocate the work that is to be done among those available to do it in such a way as to strike a sound balance between maximum employment and maximum production per worker; to connect those who can work with the jobs that are open; to fit the workers to perform the jobs; to maintain satisfactory wages and working conditions; and to assure the greatest possible output per worker consistent with enlightened standards."

In the field of health, the report has the following to say:

"The most crucial and controversial long-range issue of the post-war period in the health field will undoubtedly be the lengths to which the government—federal, state, and local—should go in guaranteeing adequate medical and hospital care to the entire population."

The text and facts in the report are based largely on materials gathered by members of the Fund staff from outside sources believed to be reliable, rather than on original research conducted by the Fund itself. Evans Clark, as editor, had the assistance of Margaret R. Taylor Carter, George B. Galloway, and A. B. Handler as contributors.

New Gov't Census On Foreign-Owned Property

To give the Government complete and accurate information on American assets in foreign countries, a census will be conducted on Form TFR-500 with respect to all property in foreign countries in which any person subject to the jurisdiction of the United States had an interest on May 31, 1943, the Treasury Department announced on June 3.

The Treasury's announcement explained:

"The information obtained from the census will be of assistance in the activities of the Foreign Funds Control Division of the Treasury Department and in the work of other divisions involving economic, financial, and commercial relationships with foreign countries and their nationals. It will also be of aid to other departments and agencies in the performance of their wartime duties, protecting American interests abroad, and combating the economic strategy of the Axis.

"The Government's need for detailed knowledge of American interests and relationships abroad has constantly increased since the war began. By means of this census of American property abroad, our armed forces occupying hitherto dominated Axis territory, and the civil authorities following in their wake, will be supplied with accurate information both for facilitating the occupation and for protecting American interests within the area.

"Every person subject to the jurisdiction of the United States, including American citizens in foreign countries, having an interest in any property in a foreign country on May 31, 1943, must file a report on Form TFR-500. Form TFR-500 and circulars of instruction for preparing reports are now being forwarded to the Federal Reserve Banks, where they will be available to the public. In foreign countries, where forms and instructions will be distributed to American citizens through United States Consuls, they will be issued somewhat later. Completed forms must be filed with the Federal Reserve Banks not later than Aug. 31, 1943, or with Consuls not later than Sept. 30.

"The form is issued in three series, each adapted to a particular purpose. Two of the series are also divided into a sub-series for further facility in reporting. Each person obliged to report will therefore be supplied with forms specially adapted to his circumstances for ease in reporting. For example, individuals will ordinarily be concerned only with Series A-1, a summary report of holdings in all foreign countries, and Series B, for detailed reports concerning property in each country. To assist persons reporting, and to assure accuracy and uniformity of the reports received, Public Circular No. 22, containing complete instructions, has been prepared. For the convenience of individuals with less than $50,000 of foreign assets, a special abridged circular of instructions is provided.

"Citizens of the United States in enemy-occupied territory, and persons in the armed forces of the United States serving in foreign countries are exempted from filing Form TFR-500. So too is any person whose property in all foreign countries had an aggregate value less than $10,000. In cases, however, of bonds payable by their terms in United States dollars, interests in allied foreign organizations, and certain agreements and contracts, a report must be filed even though the aggregate value of property interests is less than $10,000. Notwithstanding the exemptions, any person may, if he so desires, report all of his property in foreign countries.

"The method of determining values for the purpose of the report is set forth in the circular of instructions, and must be followed in all cases.

"While the information obtained in this census will be of great importance in the formulation of policies respecting post-war financial and industrial relationships between this country and foreign nations, the census is not intended to constitute a registry of claims against enemy countries. Just as the information gained from the census taken in 1941 on Form TFR-300 is of the highest value to the war effort in giving the Government accurate and reliable information as to foreign-owned property in the United States, so the information to be obtained on Form TFR-500 on American property abroad will enable this country to act with greater knowledge in all international, economic, and financial affairs.

"The agencies of the United States Government particularly interested in the information to be obtained by the census were extensively consulted concerning the project. Technical aspects of the requirements were also discussed with representative persons within various groups most vitally interested, with a view of adapting the requirements to the convenience of the reporters as far as possible.

"It should be noted that the reporting requirements apply not only to tangible property situated in foreign countries but also to all intangible property issued or created by foreign countries or by persons within such countries as, for example, bonds issued by a foreign government whether or not payable in dollars. Currency or coin, financial securities, and negotiable instruments issued or created by the United States or any agency or person in the United States also come within the scope of the census whenever such property was situated in a foreign country on the reporting date.

"Failure of any person to file a report required of him will subject him to criminal penalties."

Cincinnati Meat Packers Close Plants Because Of OPA Price Regulations

Appeal To President By Livestock Interests

Most of Cincinnati's beef, veal and lamb packing plants closed or were in the process of closing on June 18 because officials said that they could not operate under Federal price ceiling regulations, according to an Associated Press dispatch from Cincinnati on June 18, from which we also take the following:

"Four slaughterers were in the latest group, bringing to nine the number suspending this week.

"The plants which closed today included those of the Jacob-Schlachter Sons Company, one of the largest in the city; the John B. Ireton Co., the A. Koch Sons Co., and the William G. Rehn Sons Co.

Said Arthur Rehn, President of the latter firm:

"We stopped slaughtering yesterday and will not reopen until given Federal aid. We have lost $45,000, in the last six weeks. Beef has been costing us about 27 cents a pound and we sell at 22."

At Columbus, William Meuser and Walter Imhoff, operators of the Meuser & Imhoff meat packing plant, said their employees had been placed on a "vacation with pay" basis pending word from Washington of operation of the meat subsidy program.

G. V. Teeters of the Teeters Packing Co. at Columbus said the firm was on the verge of discontinuing business after 18 years of operation.

According to Associated Press accounts from Omaha on June 18 an appeal was made to President Roosevelt by a group of Iowa and Nebraska live stock men who at a meeting in Fremont on June 17 said they would ask producers and feeders in the Corn Belt States to withhold marketing of all slaughter animals unless the Government rescinds its price rollback and subsidy program. The advices added:

"A telegram to the President and approved by a dozen livestock men who said they were the resolutions committee of the protesting farmers who met at Fremont, declared that during the last week because of the break in prices of live animals marketed, 'producers and feeders have lost hundreds of thousands of dollars.'

"The telegram declared the request to withhold the marketing of slaughter live stock would be made 'to save the producers from these losses during periods of uncertainties.'

"A decision to keep slaughter animals off the market 'would not mean a strike in production, because the production of meat tonnage would continue on animals in feed lots,' the telegram added."

Davis Criticizes News Coverage From Capital

Elmer Davis, Director of the Office of War Information, on June 17 reiterated his recent assertion that Washington news is inadequately covered. Mr. Davis had made this charge in an address before the American Newspaper Guild convention in Boston on June 14, saying too much space was given to the reporting of bickerings among administration officials and not enough to what is being accomplished in the way of production.

These remarks brought criticism of the OWI head by two Republican members of Congress—Senator Bridges of New Hampshire and Representative Short of Missouri. Senator Bridges told the Senate on June 15 that Mr. Davis was now seeking "to silence the nation's press, so as to cover sins of maladministration on the part of the New Deal in many phases of the war effort," while Representative Short called for a full investigation of the OWI.

Regarding Mr. Davis' remarks at his press conference on June 17, the following was reported in Washington advices to the New York "Times":

All in all, Mr. Davis repeated at a press conference, the newspapers devoted too much space to rows and not enough to the good job of conducting the war now being done in Washington. He said he did not object to the reporting of "bickerings" among Administration officials but did not wish this news used "out of proportion."

Asked to cite specific examples that would support this charge, Mr. Davis said he based his ideas on "a general impression" of the way news was dealt with here, "based on the amount of space given one development as against the space given another."

Much of the news here was written by "gentlemen who do not take the trouble to check up on the accuracy of what they write," he said, at the same time praising the work of the 54 reporters regularly assigned to OWI.

Mr. Davis said he wanted to see "more news, not less," from Washington, and that OWI was doing all it could to supply this demand.

"Bickerings are legitimate news," he stated, "but not as important as the fact that we are operating a great military machine, that we have built a great military machine, with which we are going to win the war."

Asked if war production had not been sometimes increased by elimination of obstacles following revelation of official disputes, Mr. Davis replied:

"Yes, that has been true in some cases. But in others it has helped to prolong the controversies which are harmful to the war effort."

On June 16 delegates to the Annual Convention in Boston of the American Newspaper Guild adopted a resolution taking exception to the criticism of Mr. Davis by Senator Bridges and Representative Short, the resolution acclaiming Mr. Davis as one of the "strongest guaranties of a free press in war time that the nation could have."

Lend-Lease Bill Signed

President Roosevelt signed on June 14 the bill making a supplemental appropriation of $6,273,629,000 for lend-lease operations for the 1944 fiscal year, with the stipulation that none of the funds can be spent for subsidies on agricultural products produced in the continental United States.

Final Congressional action came on June 11 when the Senate adopted a conference report which the House had approved on June 10. The House had passed the measure on May 21 with the amendment forbidding use of any of the funds for food subsidies. However, the Senate on June 3 eliminated this provision but in conference it was restored to the bill but made to apply only to products grown in this country.

Of the $6,273,629,000 in new funds, there was earmarked $4,452,623,000 for food, agricultural implements and industrial commodities; $1,552,659,000 for ship expenses and charter hire; $259,348,000 for repairing defense articles, and $8,999,000 for administration.

Senate passage of the bill was referred to in these columns June 10, page 2196.

House Acts To Discontinue OPA Subsidy Program And Abolish Operations Of OWI

Strong efforts are likely to be made in the Senate to remove the restrictions placed on the Office of Price Administration and its food policies by the House on June 18. As indicating its opposition to policies of the OPA and the Office of War Information, the House on June 18 (it was stated by the Associated Press), voted:

1. To ban continuance of the OPA's food-subsidy program beyond July 1.
2. To slash 20% more from the price agency's 1943-44 budget.
3. To abolish domestic operations of the OWI.

In passing the $2,898,000,000 war agencies appropriation bill on June 18, the House decided to reduce the OPA funds for the next 12 months by $35,000,000 and to ban the use of OPA money to finance the administration of subsidy payments.

From the Associated Press accounts from Washington, June 18, regarding the House action we quote:

"The vote against continuance of the food roll-back, which has the support of President Roosevelt and James F. Byrnes, was 160 to 106. It came on an amendment by Representative Everett M. Dirksen, Republican, of Illinois, to bar the payment of salary or expenses for any government worker involved in a subsidy program.

"The Senate has still to act on the subsidy ban, but 14 Republican Senators on that side of the Capitol only today demanded that the Senate leadership provide an opportunity immediately for an expression of sentiment on the OPA plan, designed to roll back the cost of living to last September's basis. It is already in effect on meat and butter.

"The cut in OPA's appropriation was voted 185 to 147. The Budget Bureau asked $177,000,000 for OPA in the next fiscal year; the House Appropriations Committee cut this to $165,000,000; the House slashed it to $130,000,000.

"Then, giving voice to accumulated opposition to OPA policies, the House decided:

"1. To forbid use of any of the funds for rollbacks on foods which have not reached parity prices, or on non-necessity commodities. Offered by Representative Harry Sauthoff, Progressive, of Wisconsin, this amendment was adopted 229 to 105.

"2. To require all OPA price policy officials, except Administrator Prentiss M. Brown, to have at least five years of actual business experience. This amendment by Mr. Dirksen was adopted 188 to 144.

"3. To forbid the use of any of the funds for programs involving grade labeling or standardization of foods, clothing or other civilian commodities. This amendment by Representative August H. Andresen, Republican, of Minnesota, was approved 140 to 85.

"In moving the 20% slash in OPA's budget, Mr. Dirksen said that the agency had ignored the wishes of Congress. 'Black markets will spread throughout the country,' he argued, unless Congress curtails OPA's activities.

"Opponents pleaded that too deep a cut would make difficult or impossible the administration of price control laws.

"There was no roll call vote on the subsidy ban. On the amendment to cut OPA's funds the line-up was as follows:

"For the amendment—26 Democrats, 156 Republicans, 3 minor party members.

"Against it—135 Democrats, 11 Republicans, 1 minor party member.

"The vote to abolish OWI's domestic branch (leaving foreign propaganda work intact) was 218 to 114. This cut $5,500,000 off OWI's appropriation, already sliced $12,869,496 by the House Appropriations Committee. The Budget Bureau had recommended $47,342,000 for Elmer Davis's agency; with the House cuts this is reduced to $28,972,504."

The Senate is expected first to give its position on subsidies by acting on the measure to extend the borrowing power and the life of the Commodity Credit Corporation.

Summarizing the House action of June 18 drastically curbing the activities of the OPA, the United Press had the following to say as to the amendments adopted and their provisions:

1. Reducing OPA appropriation for 1944 from a recommended $165,000,000 to $130,000,000 by a vote of 185 to 147.

2. Prohibiting price roll-backs on agricultural commodities that have not reached parity price levels, by a 229-105 vote.

3. Prohibiting payment of salaries to any persons in OPA who "direct" or "authorize" the payment of subsidies, by a voice vote.

4. Requiring that OPA policy making executives have five years' business experience in the field over which they have authority, by a voice vote.

5. Prohibiting OPA from inaugurating a grade labeling and standardization program on food, clothing and other commodities, by a voice vote.

The reduction in appropriations would curb OPA plans for expansion of field offices.

The amendments dealing with the price roll-back program were aimed at the center of current controversy over the Administration food program.

Federal Directives Assailed By Whitney

The series of orders and directives dealing with the Government effort toward domestic stabilization were characterized on June 17 by A. F. Whitney, President of the Brotherhood of Railroad Trainmen, as seeming to have been designed "to deceive both the workers and employers," and to confuse the public.

Arguing the case of the railroad men for a 30% wage increase, Mr. Whitney told the National Railway Panel conducting the hearings in New York City, that a discussion of the stabilization program was imperative because any finding by the panel must conform with his program.

Mr. Whitney's remarks were thus reported in the New York "Herald-Tribune" of June 18, which further quoted him as saying:

"There is no more appropriate occasion for the President and Director of Economic Stabilization to get information as to how their orders and directives are working out in practice than is a proceeding like this," he said. "This would seem to be one of the objects of this investigation.

"As I pondered the texts of these laws and orders through the Emergency Price-Control Act of 1943 down to the final chapter written by Economic Stabilization Director Byrnes May 12, I could well imagine that they might have been designed as cynical devices of rhetoric to fool the people, to deceive both the workers and employers and thus keep the public of this beleaguered nation in a constant state of puzzlement and confusion, while cost of living increases, while the criminally legal and legally criminal rob them."

Asserting that he had never questioned the President's sincerity in stressing the necessity for equality of sacrifice, Mr. Whitney continued:

"The truth is that after almost two years we find in nearly every department of our Government, whether in Congress or in our agencies, the principle of 'equality of sacrifice' distorted, corrupted and deserted.

"I wonder if we have not been sitting frozen, hypnotized, watching for the seven rabbits of the President's economic program to be pulled out of the silk hats of the War Agency Administrators, while our purses were being sneaked from our pockets. But here the comparison ends. In real life the magician returns your pocketbook, contents intact, at the conclusion of the act, but the Government stabilizers have not."

Again testifying on June 18, Mr. Whitney contended that the Office of Price Administration has given the country inflation control instead of price control. He said the OPA has shown "no intention of controlling prices and stopping inflation." His remarks follow in part, as reported by the New York "Sun" of June 18:

He contended it has been OPA policy to depreciate the worker's dollar rather than stabilize its value and that Leon Henderson based his policies on continuance of profit to encourage production rather than on consumer price control.

He argued: "The OPA has been keyed to high corporation profits as necessary to 'aid in the effective prosecution of the war' and there is no sign that this is not a continuing policy. This policy is one of delicate balance between consumer and profit interests on the home front and until very recently this fine equilibrium between happy profiteers, fed on percentage, and a consumer public, fed on promises, has been very skillfully observed."

Turning to the advent of Prentiss Brown, present OPA chief, Mr. Whitney said: "Another administration took office with the announcement that the cost of living would continue to rise, proceeded to let it rise and to inaugurate an OPA policy which is designed to encourage fraud in civilian supplies by adulteration and degradation of the quality of the commodity."

Named Executives of F. W. Dodge Corp.

F. W. Dodge Corporation announces the appointment of Ralph M. Hairston, of Atlanta, and Howard M. Thompson, of New York, as executive assistants respectively to Irving W. Hadsell, Vice President in charge of the Construction News Division, and Chauncey L. Williams, Vice President in charge of Sweet's Catalog Service Division. Mr. Thompson became associated with the corporation three years ago as Chicago manager of Home Owners Catalogs, while Mr. Hairston has been connected with the corporation since 1927, and for the last six years has been manager of the Southeastern States area for the Construction News Division.

Mr. Hairston has had extensive experience in the field of construction news.

Mr. Thompson taught at the Lee School of Journalism and was for a time associated with the McGraw-Hill Publishing Company and "Domestic Engineering."

Cordiner Leaves WPB

The resignation of Ralph J. Cordiner as a Vice Chairman of the War Production Board was announced on June 16 by WPB Chairman Donald M. Nelson. An exchange of letters disclosed that when Mr. Cordiner left as head of the Schick, Inc., of Stamford, Conn., last November to join the WPB it was with the understanding that he would serve only until April 1 but later agreed to stay on for a short period. It was said that "personal matters" necessitated his departure now. Mr. Cordiner directed the war production scheduling program.

Wagner Presents Plan For Federal Aid To Encourage Private Rebuilding Of Blighted Areas

Senator Wagner (Dem., N. Y.) on June 4 introduced in the Senate, at the request of the Urban Land Institute, a bill to encourage the redevelopment of American cities by private enterprise and by public improvement. The bill (S. 1163) proposes that this be done by an extension of Federal credit to cities for the purchase of land in deteriorated areas, which, after being cleared, would be sold or leased to private builders for redevelopment. The bill provides $1,000,000,000 for loans and grants to carry out the program during the next fiscal year. The plan can be started immediately upon passage of the measure.

Emphasizing that his approval is "primarily a private enterprise bill," Senator Wagner pointed out that a large-scale rebuilding program would necessarily require the cooperation of government. "It is not a public works bill," he said; "it is not a relief bill, and it is not primarily a bill for public spending. It might be called rather an encouragement-to-enterprise bill. It is designed in order that the Federal Government may make those types of expenditures which are an essential part of tremendous programs of private investment and private development. It is not a pump-priming bill, but rather an industry and Government cooperation bill."

An announcement by the Urban Land Institute had the following to say of the bill:

"Under the terms of the bill, the Administrator of the National Housing Agency would be authorized to make loans to cities or other appropriate local agencies for the purchase of land in deteriorated areas for redevelopment. Having purchased and cleared the land, the cities would sell it or lease it to private builders for modern neighborhood development and would sell or lease land for public improvements to appropriate municipal agencies. Loans would be paid back to the Federal Government over a long period of time not exceeding 99 years. To be eligible for a loan, a city must have a city plan sufficiently complete to indicate definite local improvements in traffic, public transportation, public utilities and recreational facilities and other public facilities; improved neighborhood structure including detailed plans for the redevelopment of specific areas; improved patterns of land use and building requirements, and a plan for the relocation of persons living in areas that are designated for clearance and redevelopment.

"Senator Wagner's bill also authorizes the Administrator to make direct grants to municipalities for the preparation of these development plans.

"The immediate purpose of the bill is to assist cities and towns in acquiring land in deteriorated urban areas to be sold and leased for the building of dwellings and for other construction now being planned for the post-war period, so that work in various types of construction and land improvement may be coordinated and made ready for execution in the post-war period. It is expressly stipulated in the proposed act that its provisions may not be construed to permit speculation in land holding. When land is acquired by a city and sold or leased to private interests, the contract terms would obligate the purchasers or lessees to begin the building of their improvements within a reasonable period of time.

"The plan embodied in the proposed Neighborhood Development Act follows the proposal for rebuilding deteriorated areas developed by the Urban Land Institute, a private organization in the field of land development and city planning policy."

May War Expenditures Were $7.4 Billions

War expenditures by the United States Government during the month of May amounted to $7,373,000,000, showing only 1% increase over April expenditures of $7,290,000,000, the War Production Board announced on June 14.

The daily rate of war expenditures averaged $283,600,000 in May compared to $280,400,000 in April. The daily rate is based on the 26 days in May and April on which checks were cleared by the Treasury.

The WPB announcement also stated:

"On a monthly or daily rate basis, war expenditures in May 1943 were 18% higher than in January 1943; 93% higher than in May 1942, and 675% higher than May 1941.

"Expenditures for war purposes by the United States Government from July 1940, through May 1943, amounted to $102,322,000,000.

"These figures cover war expenditures by the Treasury and the Reconstruction Finance Corporation and its subsidiaries."

Greater New York Fund's Finance Group Reaches 70% of Goal

Representing all major fields of financial activity, the 17 divisions comprising the Finance Section of the Greater New York Fund's current campaign have, as of May 30, realized 70% of their $966,996 goal by reporting contributions which total $670,032.

This report was announced by the Section's Chairman, Pierpont V. Davis of Harriman Ripley & Co. Mr. Davis's Associate Chairman is Daniel A. Freeman, Jr., Vice President of the National City Bank of New York. Their section is one of four comprising the important Manhattan Committee headed by Harold V. Smith, President of the Home Life Insurance Co.

Of the Finance Section's present total, the Banks and Trusts division, headed by Harry E. Ward, of the Irving Trust Co., has collected, to date, $348,873 against a quota of $392,155. Other outstanding divisions, with their respective quotas and amounts raised, to date, are:

Life Insurance Companies (Chairman, John S. Sinclair, of the New York Life Insurance Co.), quota: $126,341; total to date, $121,367.

Savings Banks (Chairman, Robert L. Hoguet, of the Emigrant Industrial Savings Bank), quota: $38,622; total to date, $27,107.

Textile Factors (Chairman, Walter J. Yankauer, of the Mill Factors Corp.), quota: $41,039; total to date, $25,375.

Personal Loan Companies (Chairman, William E. Thompson, of the Personal Finance Co.), quota: $31,884; total to date, $20,350.

New York Produce Exchange (Chairman, Charles B. Crofton, of the New York Produce Exchange), quota, $30,000; total to date, $12,220.

Casualty and Surety Companies (Chairman, Vincent J. Cullen of National Surety Corp.), quota, $41,137; total to date, $20,991.

Fire and Marine Insurance Companies (Chairman, Harold V. Smith, of the Home Insurance Co.), quota, $79,891; total to date, $59,471.

Food Shortages Due To Washington Bureaucracy Aiken Charges, Terming Subsidy Plan "Hoax"

The assertion that responsibility for the present and increasing food shortages rests not with the American farmers but with "an incompetent and insatiable Washington political bureaucracy," was made on June 16 by Senator George D. Aiken, (Republican), of Vermont, in an address closing the two-day food forum of the Dairymen's League Co-operative Association, held in New York at the Hotel New Yorker. This was indicated in the New York "Herald Tribune," which said that apparently reflecting the views of many of the 300 delegates, Senator Aiken told the conference that the Administration's rollback-subsidy program simply subsidizes the high-income consumer and imposes a penalty on the low-income producer. The paper from which we quote went on to say:

It is the greatest hoax, he said, which the Administration has yet endeavored to "perpetrate upon a misinformed consuming public."

"It is being inflicted upon the American people," he added, "over the protests of those men in government who are expected to carry it along and it is being promoted without consultation with the men in government departments who know most about the subject."

Congress, he continued, must adhere to its opposition to the subsidy rollback and should not recess "until every safeguard has been provided against the encroachment of alien doctrines."

While the delegates, three-fourths of whom were from rural communities, cheered the Senator, Edward A. O'Neal, President of the American Farm Bureau Federation, issued a statement at the forum similarly condemning subsidies and laying their adoption to organized labor.

"The American farmer," Mr. O'Neal complained, "has been made the whipping boy to appease the unreasonable demands of organized labor. The truth of the matter is that the demands of organized labor for a rollback of prices by means of subsidies are but a thinly disguised effort to secure another unwarranted increase in wages, this time at the expense of the public treasury.

The nation's food-production program, Mr. O'Neal added, "has been seriously jeopardized because of the determined efforts of the Office of Price Administration to provide bargain prices to consumers without due regard to providing prices essential to secure maximum production."

During the final sessions yesterday, the forum presented two prime reasons for opposition to the subsidies. Senator Aiken offered one reason when he said that the butter subsidy is paid to processors who buy their butter fats from only 32% of the farmers. The remaining 68%, he said, are the farmers who keep four cows or fewer and who do not sell to plants producing 1,000 pounds of butter or more a month. Similarly, he said, only the larger farms get even indirect benefit from the meat subsidy, because it goes only to processors of 4,000 pounds or more of meat a month. Because other processors do not get the 10% subsidy, Senator Aiken said, they are forced to pay the farmer 10% less, "forcing him either into the black market or out of business."

The other reason farmers want no subsidies was advanced by John Brandt, president of the National Co-Operative Milk Producers Association, who presided. "History," he said, "shows subsidies to be the forerunner of regimentation. The more you ask the government to do for you, the more they're going to do to you."

Big Prime Contractors Distribute More Than Half Of War Dollars To Outside Firms: NAM Survey

More than 51 cents of every dollar of prime contracts placed with companies holding the bulk of war orders have been passed along to subcontractors or spent with outside firms for the purchase of materials and services, according to a study by the National Association of Manufacturers, made available May 29. The companies studied were the 252 (actually 251 because one listed as parent company was an operating subsidiary) which official records show as holding virtually all of the war supply and equipment contracts. As to the study the NAM says:

The NAM undertook to study the distribution of business by these 251 companies for the calendar year 1942. Of the companies polled 190 replied with the requested figures suitable for inclusion in the survey. These two questions were asked:

"What is the approximate dollar volume of your total war contracts for the calendar year 1942?

"What is the approximate dollar volume of that portion of these total war contracts for the calendar year 1942 filled outside your own plant or organization?" (It was specified that this item should be inclusive of all distributive business and exclusive only of such items as labor, management, financing, contingency, profit and that portion involved in the supplying of materials from the plant's own integrated organization.)

"The 190 companies reported contracts for war materials and supplies during the calendar year 1942 with an aggregate value of $26,192,064,394. Of this amount they reported $13,459,759,070 distributed to other companies. This is 51.4% of the total war business of the 190 companies for 1942.

"These companies reported that they did business with subcontractors, vendors and suppliers in all of the 48 States. The number of subcontractors, vendors and suppliers totalled 140,424, but this figure contains duplications since numerous concerns held subcontracts from several of the 190 prime contractors.

"The aggregate of 'undistributed' business resulting from 1942 contracts was listed by the 190 companies as $12,732,305,324.

"Comparing this sum to a recent study made by the National City Bank, an approximate determination of the distribution of these war dollars retained by the 190 companies may be reached. The bank study, embracing 40 large manufacturing corporations, shows the division among cost of services and materials obtained from others, wages and salaries, taxes and profit.

"Applying the percentages obtained in the bank study to the $12,732,305,324 residue from 1942 war business, the 190 companies paid out 67.7%, or approximately $8,619,770,704 for wages and salaries. Approximately 24.2 of the total, or $3,081,217,888 was taken out for taxes, leaving 8.1% of this residue, or $1,031,316,731 as net income. This would be about 3.9% profit on the $26,192,064,394 of war business.

"The rising trend toward further distribution of war business to smaller manufacturers who have been steadily converting production facilities for manufacture of war material, is seen in the direct reports from numerous prime contractors to the latest NAM study."

Coal Strike Called Off—Oct. 31 Is New Deadline

John L. Lewis, President of the United Mine Workers of America, late on June 22 ordered the miners to return to work until midnight, Sunday, October 31, thus ending the two-day old nation-wide coal strike of over a half million mine workers which had begun at midnight, Sunday, June 20, according to Associated Press dispatches, which further added in substance as follows:

The above action came just a few hours after the National War Labor Board had referred the coal strike to President Roosevelt with a call for the use of "all the power of the Government" to force Mr. Lewis into a working contract in line with the directive order of the Board.

The announcement of the back-to-work decision, issued in the name of the United Mine Workers Policy Committee, laid heavy stress on the fact that the men were returning to work under existing pay and conditions, only as employees of the Government and not of the mine ownership.

"This arrangement," the statement said, "is predicated upon operation of the mines and their collateral production units by the United States Government and will automatically terminate if Government control is vacated prior to midnight October 31."

The indication of reliance on Courts to get underground travel pay came in this paragraph of the announcement:

"The executive officers of the international union are hereby expressly authorized to exercise their discretion in the filing of suits at law, or by any other necessary means, to protect the equity of the membership in the matter of portal-to-portal compensation, both as to current and deferred liability."

While Mr. Lewis appeared to have given ground, in that he ordered the miners back without getting the $1.30 a day he has demanded, the mines by the same token appeared to be lost to the operators temporarily, if not for the duration of the war. How extensive a form Government control will take, remained to be seen.

One point still was at issue—there had been no compliance with a WLB order that the miners sign a contract embodying substantially the conditions under which they were ordered back to work.

On Friday, June 18, the National War Labor Board handed down its decision flatly rejecting, by an eight-to-four vote, the demand of the miners for underground pay on the grounds that it constituted a law case which the Board is powerless to settle. Those dissenting were the labor members. In its decision, the NWLB ordered the present contracts of the miners extended for two years through March 31, 1945 and also ordered "that for the duration of the war no strike shall be either called or maintained."

In its directive order the Board said: "The mine workers remain free to press their demand before the administrator of the Fair Labor Standards Act and in the Federal Court. And the operators also retain their rights to seek pertinent administrative and Court rulings.

"The parties also remain free to agree to a settlement of their prospective lawsuit. If they should agree to a settlement, the Board as the agency of the Government charged with administration of the wage stabilization program will rule whether the agreement is a genuine settlement of the lawsuit compatible with the stabilization program."

Post-War Prosperity Cannot Come By Govt. Decrees And Directives, Says Emery

Post-war prosperity with adequate opportunities for the young men of America can't and won't come by Government decrees and directives, DeWitt Emery, President of the National Small Business Men's Association, told representatives of the United States Junior Chamber of Commerce at its annual meeting in Chicago on June 14.

"About all a young business man can look forward to under the centralized control philosophy is more and more, and then still more regimentation in every phase of his existence," Mr. Emery said.

Optimistically, however, he indicated that if America's young men want to work, think and fight for themselves and their great American heritage, the post-war period should provide the "biggest and best opportunities that ever existed for young men at any time, any place on the face of the earth from the beginning of recorded history."

Mr. Emery reviewed economic conditions during the pre-war period, discussing the effects of such incidents as the bank moratorium, the establishment of federal agencies, the agricultural situation, farm prices and the initiation and operation of war agencies. He also commented on such pending and impending issues as labor, renegotiation of war contracts, grade labeling, taxes, the philosophy of scarcity and new products.

Emery Offers Plan For Establishing Post-War Reconversion & Working Capital Reserves Now

CHICAGO, ILL.—A plan whereby business and industry can take steps now to insure rapid conversion to peace-time operations immediately after the war was outlined on June 8 by DeWitt Emery, President of the National Small Business Men's Association, in a statement to the Association's membership.

Said Mr. Emery: "When the shooting stops, our most important problem will be jobs, millions of jobs. If provisions are made now to permit business men to go ahead on their own initiative, those jobs can and will be available. It is vitally important that some plan be established now for post-war reconversion and working capital reserves, otherwise millions of post-war jobs would have to wait weeks, months or years while Washington unwinds red tape."

The plan suggested by Mr. Emery entails authorization by Congress of a tax-free reserve—that is, tax-free as a part of the cost of doing business the same as a reserve for depreciation—equal to 3% of annual sales up to an annual volume of $1,000,000, the percentage on sales over a million being scaled down gradually to a minimum of 1%, or ½ of 1%.

"This plan," said Mr. Emery, "would provide a post-war reserve without depriving the U. S. Treasury of revenue now when it needs it most. It would accomplish its purpose without imposing carrying charges and without permitting any company to get rich. It is a simple, workable plan. The full amount of the reserve would be invested in a special issue of non-interest bearing, non-negotiable government bonds. These bonds would become interest-bearing and negotiable at a stated date, 30 to 60 days after the end of the war."

In commenting on the need for establishing post-war reserves now, Mr. Emery pointed out that in most cases, after refunds have been made under renegotiation and normal and excess profits taxes have been paid, it is impossible for even the most prudent management to provide the reserve necessary for post-war operation. An official of one of the large airplane manufacturing companies, he stated, recently indicated that the reserve his company now has would enable them to meet their payroll for just two weeks after the war.

"It is quite clear," said Mr. Emery, "that without cash on hand to meet payroll and other costs, companies will not be able to go ahead on their own initiative, but will have to wait on a settlement of some kind from Washington before they can turn a hand. No one knows how long that would take or what kind of settlement he would get in the end. In a great many cases following World War I, termination settlements were not made for five or 10 years. In fact, one case was not settled until just a few weeks ago—25 years later!

"In contrast to this picture of delay and uncertainty, provisions made now to make funds for reconversion available immediately after the war would result in an instantaneous dynamic, expanding economy in which there would be little delay in absorbing into good jobs the millions of men returning to civilian life from their duties in the armed services."

Lend-Lease For Liberia

The State Department announced on June 8 the signing of a lend-lease agreement between the United States and Liberia, Negro Republic in West Africa.

The agreement "on the principles applying to mutual aid in their common defense" was signed in New York City by Henry Serrano Villard, special representative of the United States, and Walter F. Walker, Liberian consul general in New York, in the presence of President Edwin Barclay and President-elect William V. S. Tubman of Liberia.

An exchange of notes which accompanied the agreement confirmed the understanding of the two governments that the agreement carries out general principles concerning defense areas in Liberia on which the governments agreed at Monrovia on March 31, 1942, according to the Associated Press.

Golden And Keenan Get WPB Labor Posts

Two new Vice Chairmen of the War Production Board for labor were appointed on June 15 by WPB Chairman Donald M. Nelson.

Clinton S. Golden, assistant to CIO President Philip Murray, was appointed Vice Chairman for manpower liaison by Mr. Nelson. At the same time, Paul V. McNutt, Chairman of the War Manpower Commission, named Mr. Golden a Vice Chairman of the WMC. He will coordinate the work of the two agencies.

Mr. Nelson designated Joseph D. Keenan, former Secretary of the Chicago Federation of Labor, A. F. of L., as WPB Vice Chairman for labor. Mr. Keenan will assume the duties of Wendell Lund, former Director of the Michigan Unemployment Compensation Commission, who has resigned as Director of the WPB's Labor Production Division.

Dewey Urges State Governors To Solve Food Problem Since Washington Has Failed

(Continued from first page)

ers in the State had long been organized and were thinking earnestly about the problem. Collaborating with them was a technical committee of young, relatively unknown men from the State College of Agriculture, the farm organizations, the Department of Education and the U. S. Employment Service. They had a complete program worked out.

"All we needed was to translate their program into action. So one of the first things we did was to set up a farm manpower service with one of these young men in charge of it as director with every facility of the State of New York behind him. We did not retire to an ivory tower to invent something new and different. We did not reject the program already worked out by the people who knew the problem, just because they knew it. We simply gave funds and legal authority to translate into action the program which rose from among the farmers themselves.

"The result has been that short training courses for new farm workers have been given in State agricultural schools from Long Island to the Canadian border. Thousands of boys were let out of school early for the planting season and will be excused again next fall for the harvest. Thousands more will be available during the harvest season in camps under good supervision. Business men in many cities have organized to give additional help with the crops. In cooperation with the Farm Security Administration, we have brought additional permanent workers into the State, and have trained them in our schools for work on New York farms.

"All this was done by the process of collaboration between all farm groups and Federal, State and local agencies. During this process the Congress had a flash of true wisdom. It transferred the Federal funds for farm manpower away from Washington to the land-grant colleges of the country, to be administered by their extension services. Our people had worked closely with the Employment Service, which had only two years ago been taken over by the State. So we were happy to have the farm placement work continued under contract made directly with Cornell University. There was no interruption in the work, and even better local integration resulted.

"I do not pretend the farm-labor program has been solved in the State of New York. But it is greatly improved, and I am now satisfied that we will be able both to plant and harvest our crops.

"One of our happy discoveries in this process has been that the most effective way to avoid surrender to the failures of the National Government is to step out and do the job ourselves as a State. And in so doing we have found that there are enough men in Washington whose primary concern is to get the job done, so that we have had many examples of fine cooperation. This has also been the experience of our Emergency Food Commission, established three months ago.

"The creation of the Emergency Food Commission was the second step we took to meet the food situation in our own State. In this commission we revived the forgotten principle that if you want a good job done you call on a busy man who knows how. You do not call on a cattle grower to solve an industrial problem and you do not call on a professor of astrology to help out a dairy farmer. The Commission brought out 11 best experts in their fields to the service of the State. They were not just a collection of heavy thinkers. Each of them was a man of action. Each carries a specific responsibility for a specific group of agricultural necessities and keeps in touch with it daily. They have met regularly for all-day sessions.

"The information services of our Department of Agriculture and Markets have been speeded so that in every critical situation we have daily and sometimes hourly reports from every section of the State.

"The Commission has foreseen and solved in advance many of our problems. Confronted with a shortage of apple crates, they have been lining up sawmills to make them long before the harvest. Similar procedures have been followed with everything from wire for hay balers and twine for tying up asparagus to substitutes for crushed oyster shells for laying hens.

"During the early spring the Commission foresaw a complete lack of fertilizer in the State. The difficulty centered in Maryland. It was never quite clear whether the trouble lay in wage ceilings which kept the fertilizer people from getting labor, or price ceilings which made it more profitable to serve only local trade. But the Commission went to work with both the fertilizer trade and the national farm organizations. They turned on all the heat they could muster, and we got the fertilizer in time.

"There have recently been times when critical shortages of gasoline have existed in as many as 20 farm counties. As many as 400 farm tractors in a single county have been without gasoline. But plowing cannot wait for red tape. The Food Commission took vigorous action to get and distribute gasoline.

"Finally an official of the Petroleum Administration for War took desk room right in our State Office Building, to work with the transportation member of the Food Commission. Only by day-to-day action and cooperation are we keeping the farm tractors running.

"Today the cooperatives and the independent feed dealers have been brought together by the Commission to find the answer to our most urgent long-range problem—how to find feed for our dairy cows and our laying hens. As many of you know, the State of New York is the best customer of the Mid-Western grain fields. We buy from the Middle West more than 60% of the feed necessary for our great dairy and poultry production. We need at least 2,000,000 tons of concentrate feed from outside the State this year and we are not getting it.

"No purpose would be served in analyzing the incredible deficiencies of the National Government in its 10-year campaign to restrict food production in the United States. We are just now reaping some of the harvest of these policies. But as a sardonic final touch, we now find that out of the genius of the OPA there was developed a theory that it would be a good idea to repeal the natural law of economics that corn and hog prices are tied together. The result is a ceiling price on corn of $1.05 at Chicago. Meanwhile, the farmer can get $1.45 for the same corn right on the farm, just by throwing it over the fence to his pigs.

"In short, the Iowa hog can pay 50% more at the farm for a bushel of corn than a New York cow is allowed to pay. The result is that we have no corn.

"I hope you of the Mid-West will forgive us, then, if we cannot wait forever for Washington to discover the laws of economics. We have to get feed wherever we can find it.

"Accordingly, our Emergency Food Commission is now in the process of arranging, not with State funds, but by the joint cooperation of the cooperatives and the feed dealers, to buy millions of bushels of grain from Canada. That grain has to come down the Great Lakes to Buffalo and for that we must have shipping space. The Emergency Food Commission has been negotiating in Washington for the necessary bottoms. They are receiving the most sympathetic cooperation from Mr. Chester Davis and we hope and expect somehow to get the bottoms. Unfortunately, Mr. Davis, who understands the problem, has been left, like too many others, with a title but inadequate authority. There is still no spokesman in the new super-Cabinet for the food for 130,000,000 Americans, to say nothing of the starving peoples of the world whom we all hope to feed when they have been liberated.

"We have had too much in this country of waiting for crises to reach the breaking point and then using emergency measures to pick up the pieces. Our Emergency Food Commission, under the chairmanship of Mr. H. E. Babcock, has conceived it to be its duty to approach the food problem with foresight rather than with panicky after-thoughts. With that purpose it has prepared an analysis of what we have to look forward to in the way of food—not what is going to be on the butcher's counter next week, but what will confront us two, three, five years from now.

"They started from the fact that for many years this country has not had a real surplus of food. Despite the last six years of bumper crops, we have eaten virtually all we have produced except wheat. Thus under the vastly increased demands of war and victory we are certain to have an increasing scarcity of food.

"Inevitably under such conditions one result occurs. The livestock population is cut down and human beings stretch the food supply by eating grain themselves instead of feeding it to pigs. This happens not because any one is less fond of beefsteak and pork chops, but because it takes seven pounds of corn to make one pound of pig. A shift to a cereal diet is the only way to make our food go around.

"Right now the meat situation is a jumble of paradoxes. In New York this week our cupboard is bare, not because of any present shortage in meat animals, but because of price manipulations which have cut off trade. Actually in this country we have a livestock population so vast that we never can support it and at the same time fulfill an obligation to help feed the starving survivors of a wrecked world. Right now in this country our meat animals are eating into the precious food reserves which must be increased if we are even to begin saving the undernourished people of a rescued Europe.

"There can be only one result of this. Human beings will inevitably push the pig away from the trough, to eat his corn themselves. Livestock will be reduced, and its slaughter will for a time give us the illusion of a continuing meat supply. I think the illusion may last until Election Day next year. But then will come the time when we will really know what a meat shortage means.

"Already our people, like yours, are discovering that the war and the food scarcity program of the past are taking out of their diet the things on which they are accustomed to live. We have the greatest concentration of people in the world in New York City, with the widest variety of eating habits. Our other cities are faced with the same problems to a lesser degree. They are finding the staple items of their diet ranging from eels to kosher meats disappearing from the market. So the Emergency Food Commission is tackling this job too.

"Once again we had right at home the people who were leaders in the rapidly developing science of nutrition. Again we did not need to go out and create something new. We just had to use the brains and the facilities at home. And we put in charge the people who know the problem best.

"The Commission's scientists have been seeking new foods to cushion the shock of that time when we get less and less of the foods to which we have been accustomed. The have already made one tremendous contribution. Adopting a principle which for centuries has maintained China's strength on a cereal diet, they have brought forward the sprouted soy bean as a food new for this country.

"In the last 20 years we have become familiar with the great value of the soy bean as an animal feed, rich in protein and fat. Now it is discovered that when the bean is sprouted a miracle occurs. It becomes easily cooked and palatable for humans. Moreover, while it sprouts it not only retains a high value in the nutrients we find in meat but also it creates within itself a new and precious supply of Vitamins B, C and G. Our Food Commission now is acting to make these sprouted beans available to our people. They are not a substitute for meat. No one wants or will find any substitute for good red steak or lamb chops. But for the days when there is little or no meat they make a splendid supplement, with all the nutritive value of meat and more, too.

"The strength of our country is in its roots. The battle of the home front is not going to be won by any master-mind anywhere. I have spoken with unabashed enthusiasm about our Emergency Food Commission, not only because I was invited to speak on this subject but because it is the kind of job being done everywhere, once our citizens are given the chance. I do not pretend that we in New York have any disproportionate share of brains or experience. On the contrary, I know that at every crossroads, in every county, in every State of America, there are men who, because of their knowledge and ability in their own familiar surroundings—have an infinite amount to give to our war effort. It is our job as Governors to give them the green light so they may go ahead under their own power.

"Our conclusions in New York have been fairly simple and direct. Because the National Government would not or could not see or understand as a whole the problem of feeding our people, we moved in to meet it ourselves.

"Because the National Government still cannot or will not understand the food problem of America, the War Governors of the United States, who are close to their people, can and will do the job.

"In so doing, I am sure that none of us will suffer from the misconception that either the National Government or we as Governors can ourselves meet the need. What we can do is to use the great reservoir of ability, character and courage among our people. We can release that ability to serve the needs of the nation.

"Winston Churchill once said, at a time of crisis for Great Britain: 'Give us the tools and we will do the job.' Our people are in that situation today. As War Governors we can, because we must understand the ultimate truth—that no government, either State or national, produces money, goods or food. We can revive the long forgotten truth that it is the people of the nation whose funds support government. Their sweat produces the goods and food. They are both the rulers and the makers of their country's destiny.

"We can remove all obstacles. We can insist on giving our people the tools. As always, the people of America will, themselves, do the job."

Outlook For The Banks

(Continued from first page)

go out of business. In some instances this would be a sensible thing for them to do. The larger a bank is the more valuable its stock should be.

Bank customers will continue to receive much the same type of service as they have always had from their banks, but they must expect to pay more and more for it. Banks will be obliged to meet increased living and operating expenses occasioned by inflation just as manufacturers and other business houses will be. They are faced with declining mortgage income; their returns on commercial paper, municipals and corporation bonds are also extremely low. It looks as though they might be largely dependent upon their service charges and safe deposit-box rentals.

Investment Policies for Banks

The banking fraternity is today carrying too much of the Government debt in the form of bonds. There should be proportionately more in the hands of the public than in the hands of the banks. However, while the rate of interest on Government holdings is extremely small, banks can be certain that their holdings of Governments—particularly those due within the next 10 years—will be paid at par upon maturity. Furthermore, I do not look for any extreme fluctuations in their prices immediately after the war as was true of the Liberty bonds of World War I.

Unlike individual investors or business men, banks cannot protect themselves against inflation through the purchase of tangible goods and property. Yet, like merchandising groups, they must have an inventory with which to do business. Therefore, inasmuch as they deal in dollars, they must have a large store of dollars on hand.

Dollars to be Plentiful

Forward-looking bankers, therefore, will gradually depend less on normal investment income and educate the depositors to heavier service charges. These will be permitted by the Government, even looked upon with favor. Unless Washington wishes to take over the actual operation of the banks, they must make it possible for banks to have sufficient income from sources other than through normal investments.

As mortgages are paid off in cheap dollars, income from this source will also decline. But dollars will be exceedingly plentiful. Money in circulation per capita today is the highest in the history of our country. It will continue to rise. For every Government bond sold our credit resources are multiplied six or seven times. I forecast that dollars will be far more plentiful than certain commodities.

What About Bank Stocks?

What I have outlined is far from an ideal domestic banking economy. It is no real way for banks to function, but it is the only way they can survive. But I would not dump my bank stocks. They may be as good as anything else to hold. In some ways perhaps a little better in the case of the larger banks. At least their real estate constitutes real property. But I would not be surprised to see many banking quarters turned into funeral parlors!

May Life Insurance Sales Advance

The sale of ordinary life insurance in the United States in May amounted to $605,286,000, an advance of about 27% over the volume sold in the same month of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first five months of 1943, aggregating $2,866,048,000, however, is 10% below the amount sold in the same period of 1942.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	MAY, 1943		YEAR TO DATE	
	Sales Volume in $1,000	Ratios '43-'42 All Cos.	Sales Volume in $1,000	Ratios '43-'42 All Cos.
U. S. Total	$605,286	127%	$2,866,048	90%
New England	48,325	127	223,342	87
Middle Atlantic	155,785	128	767,423	87
E. N. Central	133,426	120	645,587	89
W. N. Central	64,615	127	282,939	93
S. Atlantic	61,797	132	283,506	93
E. S. Central	24,316	131	112,763	87
W. S. Central	41,843	132	200,196	89
Mountain	17,565	140	79,419	102
Pacific	57,614	124	270,873	93

Market Value Of Bonds On N. Y. Stock Exchange Advances To Record High As Of May 29

The New York Stock Exchange announced on June 10 that as of the close of business May 29, there were 1,127 bond issues aggregating $81,479,041,193 par value listed on the Stock Exchange with a total market value of $81,048,543,830. This all-time high total was mainly due to the listing of two new Government bond issues during the month—the 2% Treasury bonds of September, 1950-52 and the 2½% Treasury bonds of 1964-69. The May 29th total compares with 1,129 bond issues aggregating $72,811,509,943 par value listed on April 30 with a total market value of $71,857,596,488.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	May 29, 1943 Market Value $	May 29, 1943 Average Price $	April 30, 1943 Market Value $	April 30, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	64,255,029,362	104.30	55,219,690,452	104.38
U. S. companies:				
Amusements	38,597,448	103.36	38,800,167	103.90
Automobile	10,816,422	102.49	10,801,827	102.35
Building	10,713,470	100.04	13,099,126	99.94
Business and office equipment	15,581,250	103.88	15,675,000	104.50
Chemical	76,662,226	104.51	76,180,926	103.85
Electrical equipment	36,650,000	104.71	36,543,750	104.41
Financial	57,616,413	102.78	57,700,145	102.70
Food	214,608,478	105.54	214,290,514	105.38
Land and realty	10,949,010	81.49	10,732,758	79.88
Machinery and metals	37,569,724	100.74	39,786,866	100.59
Mining (excluding iron)	99,583,782	64.69	98,026,293	63.39
Paper and publishing	41,103,466	101.83	40,969,694	101.50
Petroleum	592,455,674	104.47	594,827,136	104.13
Railroad	7,625,095,527	75.15	7,489,656,839	73.77
Retail merchandising	12,567,681	88.97	12,757,883	89.26
Rubber	75,574,158	104.00	74,989,149	103.19
Ship building and operating	11,844,840	103.25	11,816,160	103.00
Shipping services	20,937,084	76.09	21,119,252	76.75
Steel, iron and coke	492,021,186	101.01	501,391,372	100.76
Textiles	37,792,420	104.13	37,923,670	104.50
Tobacco	154,673,199	106.41	154,294,459	106.07
Utilities:				
Gas and electric (operating)	3,361,598,129	108.60	3,360,503,595	108.37
Gas and electric (holding)	95,099,678	103.38	94,776,393	103.03
Communications	1,233,301,839	110.24	1,222,620,475	109.24
Miscellaneous utilities	91,803,221	63.05	90,556,147	62.19
U. S. companies oper. abroad	138,420,814	76.53	138,115,647	76.19
Miscellaneous businesses	31,292,510	105.35	31,000,623	104.37
Total U. S. companies	14,624,929,649	86.76	14,468,955,868	85.78
Foreign government	1,410,184,528	65.04	1,399,781,870	64.55
Foreign companies	758,400,291	89.31	749,168,300	88.21
All listed bonds	81,048,543,830	99.47	71,857,596,488	98.69

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47

Steel Operations Slightly Off—Affected By Coal Strike—Demand Grows As Output Shifts

"The coal mine strike, third walkout of the UMW in recent months to harass the steel industry, appeared likely to cause the irretrievable loss this week of 30,000 tons of steel," the "Iron Age" stated in its issue of today (June 24), further adding: "Even if settled speedily within a short time, the restoration of coal shipments and the resumption of full steel mill schedules cannot be accomplished immediately. Thus, the possibility of meeting the WPB demand for more steel in the third quaretr has been impaired. Plans for the drive are being held in abeyance pending the outcome of the strike.

"Fully as serious as the immediate losses is the cumulative effect of the mine disruptions upon next winter's stockpiles which should be growing higher at this time instead of dwindling to an all-time low point. The tight coke supply situation probably will be reflected through the balance of this year, and may result in lack of sufficient fuel to run some blast furnaces next fall This in turn will throw a heavier burden on scrap supplies. Then, too, the strike is expected to result in the loss of important coke by-products vital to the war.

"It is estimated that at least 300,000 tons of steel can be obtained from a nation-wide inventory study, 300,000 tons from stimulated production by existing facilities and 350,000 tons by expediting the expansion program for which the green light on priorities has been flashed. Stepping up the recovery of industrial scrap will be another valuable aid and standardization of steel products will be pushed further.

"Leaders of the steel workers' union are reported to view the campaign as a valuable opportunity for the USWA with its 700,000 workers. Outlaw strikes, absenteeism and red tape involved in administering WMC rulings have had more effect on steel output than generally supposed. In addition to last week's strike at the Bethlehem Steel plant in Lackawanna, a small walkout hit the rail mill at the Gary works of Carnegie-Illinois Steel Corp., causing the loss of several thousand tons.

"Slanting the campaign (which was under discussion by steel executives Tuesday in New York) to include consumers and workers, shows recognition of the fact that finished steel cannot be made until the ingots have been broken down in the blooming mill, the main bottleneck to greater production today. Efforts are being made to shift equipment such as blooming mills and cranes to those plants which are in a position to use them quickest.

"The need for more steel was illustrated by J. A. Krug, of WPB, speaking at Detroit last week. Requests for carbon steel for third quarter, he said, exceeded 20,000,000 tons; supply was slightly under 15,000,000 tons, necessitating overall reduction of 25%. The Army was cut 500,000 tons, the Navy 100,000 tons and Maritime Commission, 400,000 tons. The ODT, seeking 2,200,000 tons, was cut to 1,200,000 tons. Copper and aluminium were cut in "approximately the same pattern." Mr. Krug reported that 70% of the carbon steel allocated for the third quarter was for direct military use."

The American Iron and Steel Institute on June 21 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.6% of capacity for the week beginning June 21, compared with 97.8% one week ago, 99.3% one month ago and 98.0% one year ago. This represents a decrease of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning June 21 is equivalent to 1,690,100 tons of steel ingots and castings, compared to 1,693,600 tons one week ago, 1,719,500 tons one month ago, and 1,664,600 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on June 21 stated, in part, as follows: "While various steel consumers are forced to modify operations, due to reductions in some lines of ordnance, the fact remains that steel mill schedules continue to tighten.

"Cancellations and suspensions in some war programs are being offset by increased consumption in others and qualified observers believe the stringency will grow, especially in view of increased needs when the invasion of Europe is under way.

"Ships and airplanes continue to furnish the backbone of demand for steel and top all other war requirements, with extension of these programs scheduled to continue. While shipbuilding centers heavily on plates it also takes considerable tonnage of light shapes and is a factor in many other materials, wire rope, pipe and tubing, sheets, strip and bars. The extent to which subcontracting and prefabrication is used in ship work is illustrated by a recent award by an eastern shipyard of 40,000 tons of prefabricated work to subcontractors in its area. This class of work puts heavy burden on welding and flame-cutting departments.

"The tight situation has filled mill books generally through third quarter, with backlogs extending beyond, in some cases long-range programs specifying into next year. In cases where program changes leave gaps on books other demand immediately fills in.

"Tin plate schedules for third quarter are being revised upward and present estimate of production in that period is 725,000 tons, with fourth quarter output probably about 500,000 tons. Several producers have filed a price of $4.65 per base box for plate carrying three-quarter pound of tin per base box, midway between hot dip and the thin-coated electrolytic. The new product is in the experimental stage, awaiting tests in actual use.

"Although coke production is at capacity many blast furnaces are operating on close margin and further curtailment would cause banking of many units. Some melters in the East plan suspension of delivery for mid-summer inventory and vacation periods."

Manpower Problems Of Banks Discussed At AIB Meeting In Chicago

The more important phases of current bank personnel problems were discussed at the opening session of the wartime conference of the American Institute of Banking, educational section of the American Bankers Association, in Chicago on June 9 by William Powers, director of customer and personnel relations of the American Bankers Association. Mr. Powers reviewed the situation by posing four major questions and presenting, as answers, facts obtained through a survey of 1,200 banks and through a recent series of personnel clinics conducted by him in eleven Federal Reserve districts.

He briefly described the war services that are being furnished by the banking system. As ranking services of this nature, he laid particular stress on banking's participation in freezing American funds controlled by the enemy; selling war savings bonds to the public; financing the government's budget deficit; promoting the Food-for-Freedom program; financing industry and war production; handling the gigantic factory pay roll volume; providing banking service to army posts; administering properties of officers and men in the military forces; applying inflationary credit controls, and clearing millions of ration coupons.

Mr. Powers pointed out that these extra wartime duties—in addition to regular banking functions which are vital to the operation of our economic machinery are being performed by the banks in spite of serious losses of trained personnel.

Discussing the manpower losses in banks he pictured the average loss as being approximately 35% and cited cases of banks where personnel losses have run as high as 80% in the past year.

Mr. Powers stated that in many areas satisfactory replacements for staff members who were leaving the banks were impossible to obtain from high schools, business colleges, and universities. He said that the banks in such areas were drawing replacements from department stores, grocery stores, sales agencies, finance companies, and other businesses that formerly were seldom used as sources of bank manpower.

Turning to the subject of how replacements are being trained he brought out the fact that manual training routines formerly followed by banks were generally inadequate to meet present needs. He stated that training time for tellers, bookkeepers, proof clerks, and others was no longer available in terms of years but in months, weeks, and days.

Mr. Powers described the training methods used by some of the financial institutions and compared them with systems recently adopted by industry. He concluded his remarks by urging the members of the audience to increase their participation in banking courses sponsored by the American Institute of Banking, in order to prepare themselves for assumption of part of the responsibility of training the thousands of newcomers who are now entering the banking business.

Another speaker at the session on manpower problems was Dean William H. Spencer, Regional Director of the War Manpower Commission for Illinois, Indiana and Wisconsin. Dean Spencer said that although banking does not appear on the national list of essential activities, this activity is necessary to maintain a minimum civilian economy. He explained that many banks are performing valuable services in war-production centers by maintaining long banking hours to serve war workers and are rendering an indispensable service to the Government in the sale and distribution of war bonds. Pointing out that banks carry definite responsibilities in connection with the national manpower problem, Dean Spencer urged the institutions to exert all possible effort to recruit and train handicapped persons, older persons and women. He added:

"At the same time, it is your obligation to economize in the use of manpower and womanpower by reducing, as far as you can, the services you customarily render in normal times. You should now be studying your employment problems with a view of extending your workweek, if you have not already extended it."

Black Heads Banking Div. Of War Finance Unit

Eugene R. Black, Vice-President of the Chase National Bank of New York, will act as Director of the Banking and Investment Division of the Treasury War Finance Committee for New York State, it was announced on June 14 by W. Randolph Burgess, State Chairman. Mr. Black is being granted leave of absence from the bank to begin his work immediately. The War Finance Committee is the permanent war bond sales organization resulting from the merger of the Victory Fund Committee and the War Savings Staff in accordance with plans revealed recently by Secretary of the Treasury Morgenthau.

The Banking and Investment Division is one of the three principal divisions of the War Finance Committee under the new setup. Other divisions are the Pay Roll Savings Division, headed by J. P. Stevens of J. P. Stevens & Co., and the Community Division, which will concern itself with the sale of bonds to civic, fraternal and other organizations and groups and individuals. The director of this division has not as yet been announced.

During the Second War Loan drive of last April, Mr. Black was on leave of absence with the Victory Fund Committee, where he supervised the activities of the 16 bank teams captained by personnel from the larger banks and composed of investment men and salesmen. As director of the Banking and Investment Division, Mr. Black will report directly to Nevil Ford, Executive Manager.

The appointment of Mr. Burgess as head of the unified war bond sales organization was noted in these columns June 17, page 2296.

Weekly Coal And Coke Production Statistics

The bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended June 12, 1943, is estimated at 11,725,000 net tons, which compares with 3,035,000 tons in the preceding week when the miners were on strike and 11,204,000 tons in the corresponding period in 1942. For the present year to June 12, soft coal production was 1.5% in excess of that for the same period last year.

The U. S. Bureau of Mines estimated that the production of anthracite for the week ended June 12 was 1,317,000 tons, an increase of 1,180,000 tons over the preceding week. When compared with the output in the same week last year, there was an increase of 131,000 tons.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended June 12 showed a decrease of 7,400 tons when compared with the output for the week ended June 5. The quantity of coke from beehive ovens increased 76,100 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	June 12 1943	†June 5 1943	June 13 1942	June 12 1943	June 13 1942	June 12 1937
Total, incl. mine fuel	11,725	3,035	11,204	‡263,648	259,632	205,839
Daily average	1,954	524	1,867	1,906	1,875	1,498
*Crude Petroleum— Coal equivalent of weekly output	6,388	6,300	5,927	146,051	142,840	126,411

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§June 12 1943	June 5 1943	¶June 13 1942	June 12 1943	¶June 13 1942	June 15 1929
*Total, incl. coll. fuel	1,317,000	137,000	1,186,000	27,483,000	26,768,000	32,987,000
†Commercial production	1,264,000	132,000	1,139,000	26,384,000	25,697,000	30,612,000
Beehive coke— United States total	136,100	60,000	156,500	3,580,700	3,700,000	3,047,300
By-product coke— United States total	1,192,600	1,200,000	1,187,800	28,371,500	27,579,700	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Final figures.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					June
State—	June 5 1943	May 29 1943	June 6 1942	June 7 1941	June 5 1937	Avge. ¶1923
Alabama	109	404	366	343	229	387
Alaska	5	6	5	3	3	**
Arkansas and Oklahoma	38	48	76	10	14	70
Colorado	24	147	114	70	82	175
Georgia and North Carolina	1	1	††	††	††	**
Illinois	235	1,082	1,188	782	547	1,243
Indiana	63	459	334	375	244	416
Iowa	16	46	43	39	25	88
Kansas and Missouri	94	143	156	74	74	128
Kentucky—Eastern	228	1,005	963	918	668	661
Kentucky—Western	170	266	242	152	100	183
Maryland	5	39	41	34	22	47
Michigan	††	5	7	††	3	12
Montana (bituminous and lignite)	45	81	57	43	37	38
New Mexico	8	33	31	20	24	51
North and South Dakota (lignite)	18	26	22	13	15	**14
Ohio	263	723	717	558	419	888
Pennsylvania (bituminous)	780	3,130	2,754	2,435	1,758	3,613
Tennessee	33	139	145	143	95	113
Texas (bituminous and lignite)	1	2	6	7	16	21
Utah	24	115	105	47	25	89
Virginia	120	428	400	399	221	240
Washington	18	27	31	32	31	44
*West Virginia—Southern	445	2,390	2,198	2,216	1,498	1,380
†West Virginia—Northern	203	1,032	896	789	467	856
Wyoming	39	162	136	84	79	104
‡Other Western States	††	1	††	††	††	**5
Total bituminous and lignite	3,035	11,940	11,034	9,591	6,696	10,866
§Pennsylvania anthracite	137	1,352	1,042	1,167	969	1,956
Total all coal	3,172	13,292	12,076	10,758	7,665	12,822

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Civil Engineering Construction Volume $44,234,000 For Week

Civil engineering construction volume in continental U. S. totals $44,234,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 37% below a week ago, and is 72% below the volume reported for the corresponding 1942 week by "Engineering News-Record" on June 17. Private construction declines 30% from the preceding week and is down 44% from a year ago. Public work is 37 and 74% lower, respectively, than in the preceding week and the 1942 week, due to decreases in both state and municipal construction and federal volume. The report added:

The current week's construction brings 1943 volume to $1,712,510,000 for the 24-week period, an average of $71,355,000 per week. On the weekly average basis, 1943 construction is 62% lower than the $4,746,455,000 reported for the 25-week period last year. Private construction, $219,272,000, is down 32%, and public construction, $1,493,328,000, is 65% lower when adjusted for the difference in the number of weeks.

Civil engineering construction volumes in continental U. S. for the 1942 week, last week, and the current week are:

	June 18, 1942	June 10, 1943	June 17, 1943
Total U. S. Construction	$155,670,000	$69,644,000	$44,234,000
Private Construction	11,207,000	8,933,000	6,250,000
Public Construction	144,463,000	60,711,000	37,984,000
State and Municipal	8,231,000	9,445,000	3,671,000
Federal	136,232,000	51,266,000	34,313,000

In the classified construction groups, sewerage is the only class of work to report an increase over a week ago, and commercial building and large-scale private housing is the single classification to gain over the 1942 week. Subtotals for the week in each class of construction are: waterworks, $575,000; sewerage, $929,000; bridges, $195,000; industrial buildings, $954,000; commercial building and large-scale private housing, $5,266,000; earthwork and drainage, $1,114,000; streets and roads, $5,129,000; and unclassified construction, $12,206,000.

New capital for construction purposes for the week totals $2,937,000, and is made up entirely of state and municipal bond sales. The new construction financing total for the 24 weeks of 1943, $496,337,000, compares with $6,872,345,000 for the 25-week period a year ago.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†

(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Jun 22	120.23	110.52	118.60	116.22	111.07	97.94	102.30	113.50	116.41
21	120.17	110.52	118.60	116.02	111.07	97.94	102.13	113.50	116.41
19	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
17	120.12	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
16	120.08	110.52	118.60	116.02	111.07	97.78	102.30	113.50	116.41
15	120.03	110.52	118.60	116.02	111.07	97.78	102.13	113.50	116.22
14	119.99	110.34	118.60	115.82	111.07	97.62	102.13	113.50	116.22
12	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
10	119.99	110.34	118.40	116.02	111.07	97.62	102.13	113.31	116.02
9	120.02	110.34	118.40	116.02	111.07	97.78	102.13	113.50	116.22
8	120.07	110.34	118.40	115.82	111.07	97.62	102.13	113.31	116.02
7	120.03	110.34	118.40	115.82	111.07	97.94	102.30	113.50	116.02
5	119.93	110.34	118.40	116.02	111.07	97.78	102.30	113.50	116.02
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
3	119.89	110.34	118.40	115.82	110.88	97.78	102.30	113.31	116.02
2	119.85	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
1	119.82	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.23	110.52	118.60	116.22	111.07	97.94	102.30	113.50	116.41
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago June 22, 1942	118.29	106.39	116.22	112.93	107.62	91.05	95.47	110.88	113.89
2 Years ago June 21, 1941	119.02	107.27	117.80	114.46	107.62	91.62	97.00	111.44	114.27

MOODY'S BOND YIELD AVERAGES†

(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Jun 22	1.84	3.14	2.72	2.84	3.11	2.88	3.61	2.98	2.83
21	1.84	3.14	2.72	2.85	3.11	3.88	3.62	2.98	2.83
19	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
17	1.85	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
16	1.85	3.14	2.72	2.85	3.11	3.89	3.61	2.98	2.83
15	1.86	3.14	2.72	2.85	3.11	3.89	3.62	2.98	2.84
14	1.87	3.15	2.72	2.86	3.11	3.90	3.62	2.98	2.84
12	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
10	1.87	3.15	2.73	2.85	3.11	3.90	3.62	2.99	2.85
9	1.86	3.15	2.73	2.85	3.11	3.89	3.62	2.98	2.84
8	1.86	3.15	2.73	2.86	3.11	3.90	3.62	2.99	2.85
7	1.86	3.15	2.73	2.86	3.11	3.88	3.61	2.98	2.85
5	1.87	3.15	2.73	2.85	3.11	3.89	3.61	2.98	2.85
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
3	1.87	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.85
2	1.87	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
1	1.88	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.84	3.14	2.72	2.84	3.11	3.88	3.61	2.98	2.83
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago June 22, 1942	1.95	3.37	2.84	3.01	3.20	4.34	4.04	3.12	2.96
2 Years ago June 21, 1941	1.89	3.32	2.76	2.93	3.30	4.30	3.94	3.09	2.94

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Construction Trend Continued Downward In May

Construction contracts awarded in the 37 Eastern States during May amounted to $234,426,000 according to F. W. Dodge Corporation on June 23. This represents a decline of 23% from the preceding month and is just slightly more than one-third of the $673,517,000 recorded in May, 1942, when war construction was at a very high level. The F. W. Dodge Corporation report also said:

All three major construction types followed the same pattern with the largest dollar decline from last year appearing in nonresidential building which registered only $75,301,000 in May, 1943, as compared with $297,885,000 for May a year ago. The greatest drop was in the manufacturing building classification. Counter to the general downtrend were two classifications, hospital and institutional buildings and social and recreational buildings. Both classifications reached totals approximating those of May, 1942, and both are about 50% ahead of last year on the basis of the cumulative five-months' record.

Total residential building, amounting to $63,291,000 in May, was 57% below May, 1942, and 20% off from April. The gain in multi-family dwellings was more than offset by the decline in the one- and two-family classification.

Heavy engineering work, comprising all types of public works and utilities, was down 59% from the $227,668,000 recorded in May, 1942.

May Cotton Consumption

Under date of June 14, 1943, the Census Bureau at Washington issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of May.

In the month of May, 1943, cotton consumed amounted to 901,608 bales of lint and 98,790 bales of linters, as compared with 938,989 bales of lint and 105,475 bales of linters in April, 1943, and 957,864 bales of lint and 131,931 bales of linters in May, 1942.

For the ten months ending with May 31, cotton consumption was 9,342,019 bales of lint and 1,096,918 bales of linters against 9,208,031 bales of lint and 1,238,769 bales of linters in the same ten months a year ago.

There were 2,321,130 bales of lint and 470,092 bales of linters on hand in consuming establishments on May 31, 1943, which compares with 2,420,737 bales of lint and 479,680 bales of linters on April 30, 1943 and with 2,585,492 bales of lint and 514,989 bales of linters on May 31, 1942.

On hand in public storage and at compresses on May 31, 1943, there were 9,668,820 bales of lint and 74,883 bales of linters, and 10,596,445 bales of lint and 79,232 bales of linters on April 30, 1943, and 9,403,090 bales of lint and 150,551 bales of linters on May 31, 1942.

There were 22,788,058 cotton spindles active during May, 1943, which compares with 22,893,630 active cotton spindles during April, 1943, and with 23,117,204 active cotton spindles during May, 1942.

Moody's Daily Commodity Index

Tuesday, June 15	244.6
Wednesday, June 16	243.8
Thursday, June 17	243.8
Friday, June 18	243.8
Saturday, June 19	243.7
Monday, June 21	243.8
Tuesday, June 22	243.0
Two weeks ago, June 8	244.8
Month ago, May 22	246.1
Year ago, June 22	229.6
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended June 12, 1943 Increased 54,850 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 12, 1943 was 3,987,800 barrels, an increase of 54,850 barrels over the preceding week, and 287,450 barrels per day more than in the corresponding period last year. The current figure, however, is 231,100 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of June, 1943. Daily production for the four weeks ended June 12, 1943 averaged 3,974,200 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,799,000 barrels of crude oil daily and produced 10,626,000 barrels of gasoline; 1,459,000 barrels of kerosine; 3,520,000 barrels of distillate fuel oil, and 7,674,000 barrels of residual fuel oil during the week ended June 12, 1943; and had in storage at the end of that week 81,114,000 barrels of gasoline; 6,833,000 barrels of kerosine; 32,555,000 barrels of distillate fuel, and 67,652,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations June	*State Allowables Begin. June 1	Actual Production Week Ended June 12, 1943	Change from Previous Week	4 Weeks Ended June 12, 1943	Week Ended June 13, 1942
Oklahoma	373,500	373,500	†334,650	+ 5,900	326,600	375,650
Kansas	300,000	300,000	†305,700	+ 34,650	296,950	279,750
Nebraska	2,400	------	†2,100	— 50	2,100	3,650
Panhandle Texas			90,100	— 300	90,650	87,300
North Texas			131,800	----	131,800	149,400
West Texas			226,950	+ 650	227,700	204,800
East Central Texas			123,500	— 250	123,950	87,600
East Texas			334,900	— 1,300	337,400	362,600
Southwest Texas			206,350	— 3,650	211,100	130,850
Coastal Texas			380,200	+ 1,400	377,350	243,950
Total Texas	1,602,000	‡1,603,709	1,495,800	— 3,400	1,499,950	1,266,500
North Louisiana			85,850	+ 350	86,400	88,500
Coastal Louisiana			240,850	— 5,700	252,400	220,050
Total Louisiana	330,800	350,550	326,700	— 5,350	338,800	308,650
Arkansas	72,800	75,043	73,800	+ 800	73,100	73,700
Mississippi	50,000		52,650	— 1,550	54,300	85,150
Illinois	246,200		226,800	+ 14,000	217,700	277,350
Indiana	15,500		14,050	+ 2,700	13,350	20,000
Eastern (not incl. Ill. Ind., Ky.)	88,400		79,350	+ 1,100	79,350	86,650
Kentucky	23,100		21,750	— 450	22,100	11,800
Michigan	58,900		61,000	+ 3,100	59,600	69,800
Wyoming	97,000		94,700	+ 1,800	93,100	90,200
Montana	22,300		20,900	----	20,800	21,750
Colorado	7,000		7,200	+ 250	6,850	6,400
New Mexico	105,700	105,700	97,150	+ 350	96,950	54,550
Total East of Calif.	3,395,600		3,214,300	+ 53,850	3,201,600	3,031,550
California	823,300	§823,300	773,500	+ 1,000	772,600	668,800
Total United States	4,218,900		3,987,800	+ 54,850	3,974,200	3,700,350

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in March, 1943, as follows: Oklahoma, 27,700; Kansas, 5,600; Texas, 105,800; Louisiana, 20,400; Arkansas, 2,500; Illinois, 10,600; Eastern (not including Illinois, Indiana or Kentucky), 9,700; Kentucky, 3,500; Michigan, 100; Wyoming, 2,200; Montana, 300; New Mexico, 5,500; California, 43,400.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. June 10, 1943.

‡This is the net basic allowable as of June 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JUNE 12, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,779	72.8	4,835	32,348	13,570	12,104
Appalachian	177	84.8	158	89.3	399	2,376	946	518
Ind., Ill., Ky.	824	85.2	701	85.1	2.284	17,684	4.341	3.132
Okla., Kans., Mo.	416	80.1	346	83.2	1,028	6,418	1,779	1,568
Rocky Mountain	147	54.1	93	63.3	285	1,850	330	587
California	817	89.9	722	88.4	1,795	20,438	11,589	49,743
Tot. U. S. B. of M. basis June 12, 1943	4,825	86.4	3,799	78.7	10.626	†81,114	32,555	67,652
Tot. U. S. B. of M. basis June 5, 1943	4,825	86.2	3,662	75.9	10.632	82,205	32,577	¶67,461
U. S. Bur. of Mines basis June 13, 1942			3,494		10,298	91,846	30,447	79,120

*At the request of the Petroleum Administration for War. †Finished, 70,440,000 barrels; unfinished, 10,674,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,459,000 barrels of kerosine, 3,520,000 barrels of gas oil and distillate fuel oil and 7,674,000 barrels of residual fuel oil produced in the week ended June 12, 1943, which compares with 1,437,000 barrels, 3,063,000 barrels and 7,505,000 barrels, respectively, in the preceding week, and 1,150,000 barrels, 3,549,000 barrels and 6,615,000 barrels, respectively, in the week ended June 13, 1942. ¶Revised upward in combined area (not East Coast) by 251,000 barrels, due to error by reporting company.

Note—Stocks of kerosine amounted to 6,833,000 barrels at June 12, 1943, against 6,495,000 barrels a week earlier and 8,859,000 barrels a year before.

Electric Output For Week Ended June 19, 1943, Shows 19.4% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 19, 1943, was approximately 4,098,401,000 kwh., compared with 3,433,711,000 kwh. in the correspondng week last year, an increase of 19.4%. The output for the week ended June 12, 1943, was 16.7% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended June 19	June 12	June 5	May 29
New England	8.4	7.7	5.0	12.2
Middle Atlantic	17.7	15.8	14.6	20.2
Central Industrial	16.1	13.2	11.8	16.4
West Central	14.9	10.3	10.7	11.2
Southern States	25.9	20.2	21.3	22.4
Rocky Mountain	12.5	11.8	19.2	15.9
Pacific Coast	27.4	28.4	28.6	33.4
Total United States	19.4	16.7	16.4	20.1

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Mar 6	3,946.630	3,392,121	+ 16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+ 17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946.836	3,357,032	+ 17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+ 17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+ 16.2	2,959,646	1,465.076	1,633.291
Apr 10	3,882,467	3,320,858	+ 16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+ 18.4	2,897,307	1,469,810	1,709,331
Apr 24	3.925,175	3.273,190	+ 19.9	2,950.448	1.454,505	1,699,822
May 1	3,866,721	3,304,602	+ 17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+ 16.0	3.003,921	1,436,928	1,698,942
May 15	3.969,161	3,356,921	+ 18.2	3.011.345	1,435.731	1.704.426
May 22	3,992,250	3,379,985	+ 18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+ 20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+ 16.4	3,076,323	1,435.471	1,689.925
Jun 12	4,040,376	3,463,528	+ 16.7	3,101,291	1,441,532	1,699,227
Jun 19	4,098,401	3,433,711	+ 19.4	3,091,672	1,440,541	1,702,501
Jun 26		3,457,024		3,156,825	1,456,961	1,723,428

Non-Ferrous Metals—Copper Allocations for July Released—Lead Sales in Larger Volume

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of June 17, stated: "Activity in major non-ferrous metals during the last week centered in copper and lead. July allocations for copper came through on schedule, and buying of domestic lead was in the usual good volume that precedes the date set for the monthly meeting for rounding out consumers' needs with foreign metal. OPA set dollar-and-cents ceiling prices last week for ferrochromium, chromium metal, ferrosilicon, and silicon metal. The prices named were about in line with those in effect since October, 1941. There were no new developments in connection with negotiations to lift the price paid for Bolivian tin concentrates." The publication further went on to say:

Copper

Lend-Lease Administrator Stettinius disclosed last week that materials shipped to Russia under lend-lease program in the 19-month period ended April 30 included 145,000 tons of copper, brass, nickel, molybdenum, and other minerals. Most of this tonnage consisted of copper, the trade believes.

July allocations of copper for domestic consumption came through during the last week. WPB is working on the problem of increasing output. More mine workers are needed to lift output, producers contend.

Lead

Demand for lead was fairly active during the last week, which was in line with expectations. Sales of common lead for the seven-day period ended June 16 were about one-third larger than those in the week previous. The meeting on allocations of foreign lead for July will take place in New York on June 25, according to trade reports.

Zinc

A statement released in Washington during the last week disclosed that 32,000 tons of zinc were shipped to Russia by the United States in the 19-month period ended April 30, 1943. This does not include zinc contained in brass exported in the same period.

The market situation in zinc remains unchanged, the quotation holding on the basis of 8.25c. per pound for Prime Western, East St. Louis.

Production of zinc concentrate in the Tri-State district is being restored rapidly. Most of the flood damage has been mended and operations in that area are almost back to normal.

Tin

The question of paying a higher price for Bolivian tin is under advisement in Washington and a decision is expected soon. Opinion in New York leans to the view that 70c. will be paid, f.o.b. South American ports.

Production of electrolytic tinplate in this country is increasing. Some producers are experimenting with a heavier coating for canning milk and similar products.

The price situation on sales of tin to domestic consumers remains unchanged. Nominal shipment prices for Straits quality tin follow:

	June	July	August
June 10	52.000	52.000	52.000
June 11	52.000	52.000	52.000
June 12	52.000	52.000	52.000
June 14	52.000	52.000	52.000
June 15	52.000	52.000	52.000
June 16	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound.

Ferrochromium

Under regulation No. 407, effective July 1, 1943, OPA set dollar-and-cents ceiling prices for ferrochromium and chromium metal. The regulation recognizes three pricing zones — Eastern, Central, and Western. High-carbon (standard grade) ferrochromium, Eastern zone, continued unchanged on the basis of 13c. a pound of contained chromium. Maximum prices for delivery in the Central zone is the Eastern price plus one-quarter cent when sold in carload lots; Western zone add 1c. to Eastern zone basis.

Chromium metal prices range from 78½c. to 99½c. a pound of chromium contained, depending on the grade.

Ferrosilicon

OPA last week announced specific dollars-and-cents ceiling prices for ferrosilicon and silicon metal. In general, the schedule holds to existing ceilings, the levels that prevailed between Oct. 1 and Oct. 15, 1941. Effective July 1, 1943, ferrosilicon for sale in the Eastern zone, carload lots, unpacked, per pound of contained silicon (formerly quoted on gross ton basis): 25% grade,, $.0975 to $.1215, according to size; 50% grade, $.0665 to $.0810; 60% grade, $.0770 to $.0900; 75% grade, $.0805 to $.0905; 85% grade, $.0890 to $.0985; 95% grade, $.1105 to $.1245.

Silicon metal (96% silicon and 2% iron maximum), $.1250 to $.1485; silicon metal (97% silicon and 1% iron maximum), $.1290 to $.1625.

Quicksilver

High prices are stimulating production of quicksilver and consumers have experienced no difficulty in covering their needs. The New York market continued at $196@$198 per flask of 76-lb.

Silver

The London market for silver was unchanged last week at 23½d. The New York Official held at 44¾c., and the Treasury's price continued at 35c.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

May Living Cost Up In 46 Industrial Cities

The cost of living for wage-earners and lower-salaried clerical workers in May rose in 46 of 62 cities surveyed by the National Industrial Conference Board. The largest advance, 3.1%, was shown in Youngstown, but there was an increase of 1% or more in 12 other cities. There was no change in three cities, while the cost of living was lower in 13 cities, two of which, Birmingham and New Orleans, showed declines of 1.1 and 2.5%, respectively. For the United States as a whole, the cost of living rose 0.2%.

Under date of June 23, the Board further said:

"Living costs were higher this May than in May, 1942, in all cities for which comparable figures are available. Youngstown recorded the largest increase during the 12-month period with an advance of 10.7%. The smallest was shown in Birmingham, where it rose only 3.3%. The cost of living for the United States as a whole stands 7.1% higher than a year ago, and 21.2% above January, 1941.

"The Board's cost-of-living indexes have been revised to take into account the changes in buying habits resulting from rationing and war shortages."

Cotton Spinning For May

The Bureau of the Census announced on June 19 that according to preliminary figures, 23,477,558 cotton spinning spindles were in place in the United States on May 31, 1943, of which 22,788,058 were operated at some time during the month, compared with, 22,893,630 for April, 22,925,194 for March, 22,859,160 for February, 22,889,954 for January, 22,887,072 for December, and 23,117,204 for May 1942. The aggregate number of active spindle hours reported for the month was 10,581,454,991. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during May 1943 at 134.1% capacity. This percentage compares, on the same basis, with 133.2 for April, 134.4 for March, 135.9 for February, 138.8 for January, 127.9 for December, and 138.5 for May 1942. The average number of active spindle hours per spindle in place for the month was 451.

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 19 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended June 5, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 5 (in round-lot transactions) totaled 1,981,743 shares, which amount was 15.81% of the total transactions on the Exchange of 6,267,300 shares. This compares with member trading during the week ended May 29 of 2,113,855 shares, or 15.30% of total trading of 6,907,110 shares. On the New York Curb Exchange, member trading during the week ended June 5 amounted to 462,545 shares, or 13.61% of the total volume of that Exchange of 1,699,470 shares; during the May 29 week trading for the account of Curb members of 423,695 shares was 12.90% of total trading of 1,641,885.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 5, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	96,170	
‡Other sales	6,171,130	
Total sales	6,267,300	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	511,420	
Short sales	54,770	
‡Other sales	425,480	
Total sales	480,250	7.91
2. Other transactions initiated on the floor—		
Total purchases	298,160	
Short sales	7,100	
‡Other sales	303,460	
Total sales	310,460	4.86
3. Other transactions initiated off the floor—		
Total purchases	185,990	
Short sales	15,200	
‡Other sales	180,263	
Total sales	195,263	3.04
4. Total—		
Total purchases	995,570	
Short sales	77,070	
‡Other sales	909,103	
Total sales	986,173	15.81

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 5, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	9,795	
‡Other sales	1,689,675	
Total sales	1,699,470	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	115,570	
Short sales	6,355	
‡Other sales	114,205	
Total sales	120,560	6.95
2. Other transactions initiated on the floor—		
Total purchases	67,160	
Short sales	800	
‡Other sales	67,970	
Total sales	68,770	4.00
3. Other transactions initiated off the floor—		
Total purchases	34,740	
Short sales	525	
‡Other sales	55,220	
Total sales	55,745	2.66
4. Total—		
Total purchases	217,470	
Short sales	7,680	
‡Other sales	237,395	
Total sales	245,075	13.61
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	———	
§Customers' other sales	56,722	
Total purchases	56,722	
Total sales	43,965	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Commodity Index Advanced 0.1% During Week Ended June 12, Says Labor Dept.

The U. S. Department of Labor announced on June 17 that with further rises in prices for agricultural commodities in primary markets, particularly grains, fruits, and vegetables, the Bureau of Labor Statistics' index again advanced 0.1% during the week ended June 12. This advance offset the decline of the preceding week and brought the all-commodity index to 104% of the 1926 average.

The Department's announcement further said:

"**Farm Products and Foods**—Average prices for farm products rose 1% during the week. Quotations for grains rose 1.2% with increases ranging from nearly 1% for corn, wheat and rye to over 5% for oats, and higher prices were reported for citrus fruits, and for eggs. Livestock declined fractionally as a result of lower prices for sheep and hogs. Cotton prices were off nearly 1% during the week, and hay and onions declined substantially. Markets for potatoes and apples were mixed. Apples at New York and Chicago were also off, while at Seattle they rose sharply. White potatoes were down at New York and Portland (Oregon), and up at Boston, while sweet potatoes were reduced 20%.

"An advance of 4.7% in fruit and vegetable prices was responsible in a large measure for an increase of 0.3% in food prices. In addition, prices were higher for flour, for corn meal, and for peanut butter. Prices for butter averaged about 10% below the early June level. The index for foods in primary markets now stands at 110.9% of the 1926 average, the highest point since November, 1920.

"**Industrial Commodities** — Industrial commodity markets continued steady with but few exceptions.* Antimony, white lead, rosin, and plaster board declined during the week while higher prices were reported for turpentine, stearic acid and some types of furniture."

The following notation is made:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for May 15, 1943, and June 13, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups—	6-12 1943	6-5 1943	5-29 1943	5-15 1943	6-13 1942	Percentage changes to June 12, 1943 from— 6-5 1943	5-15 1943	6-13 1942
All commodities	*104.0	*103.9	*104.0	*103.8	98.4	+0.1	+0.2	+ 5.7
Farm products	*127.6	*126.3	*126.7	*125.7	104.3	+1.0	+1.5	+22.3
Foods	110.9	110.6	110.7	110.2	99.5	+0.3	+0.6	+11.5
Hides and leather products	118.4	118.4	118.4	118.4	118.9	0	0	— 0.4
Textile products	96.9	96.9	96.9	96.9	97.2	0	0	— 0.3
Fuel and lighting materials	81.4	81.4	81.3	81.5	78.9	0	—0.1	+ 3.2
Metals and metal products	*103.9	*103.9	*103.9	*103.9	104.0	0	0	— 0.1
Building materials	110.4	110.4	110.3	110.4	109.9	0	0	+ 0.5
Chemicals and allied products	100.2	100.2	100.2	100.2	97.2	0	0	+ 3.1
Housefurnishing goods	104.3	104.2	104.2	104.2	104.5	+0.1	+0.1	— 0.2
Miscellaneous commodities	91.7	91.7	91.7	91.4	89.9	0	+0.3	+ 2.0
Raw materials	*114.8	*114.1	*114.3	*113.7	99.6	+0.6	+1.0	+15.3
Semimanufactured articles	92.9	92.9	92.9	92.9	92.8	0	0	+ 0.1
Manufactured products	*100.7	*100.9	*100.9	*101.0	98.8	—0.2	—0.3	+ 1.9
All commodities other than farm products	*98.9	*99.1	*99.1	*99.1	97.1	—0.2	—0.2	+ 1.9
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.9	95.9	0	0	+ 1.0

*Preliminary.

Nat'l Fertilizer Ass'n Price Index Again Recedes

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 21 declined for the second consecutive week. In the week ended June 19 this index declined to 135.1 from 135.5 in the preceding week. It was 135.8 a month ago, and 127.1 a year ago, based on the 1935-1939 average as 100. The Association's report continued as follows:

The drop in the all commodity index last week was due principally to rather marked declines in the prices of some farm products. Grain quotations were higher but declines in cotton and livestock were more than sufficient to lower the farm product group index. In the food group, lower quotations were registered for potatoes and beef, causing another decline in the foodstuffs index. Price changes in the other groups comprising the index were so slight no change was reflected in the final index numbers. This is the second consecutive week that the two groups, farm products and foodstuffs, have changed while the other commodities remained stationary.

Price advances during the week numbered 7 and declines 8; in the preceding week there were 8 advances and 7 declines; and in the second preceding week there were 4 advances and 6 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week June 19 1943	Preceding Week June 12 1943	Month Ago May 22 1943	Year Ago June 20 1942
25.3	Foods	139.3	140.4	140.7	125.1
	Fats and Oils	145.1	145.1	147.9	137.3
	Cottonseed Oil	159.0	159.0	159.0	158.4
23.0	Farm Products	152.2	152.7	152.9	134.5
	Cotton	199.6	200.0	200.7	179.1
	Grains	144.1	143.9	142.0	113.8
	Livestock	146.0	146.7	147.7	131.0
17.3	Fuels	122.8	122.8	122.8	119.7
10.8	Miscellaneous commodities	130.1	130.1	130.1	127.8
8.2	Textiles	151.1	151.1	150.9	147.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.6	152.6	152.7	151.6
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.7
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.1	135.5	135.8	127.1

*Indexes on 1926-1928 base were June 19, 1943, 105.2; June 12, 105.6; June 20, 1942, 99.0.

The following is the Association's comment for the preceeding week:

The general level of wholesale commodity prices was lower last week, according to the price index compiled by The National Fertilizer Association and made public on June 14. In the week ended June 12 this index stood at 135.5% of the 1935-1939 average. It registered 135.9 in the preceding week, 135.4 a month ago, and 127.1 a year ago. The Association's report went on to say:

The chief changes during the week were in the farm product group with advances in wool, grains, sheep and eggs more than offset by declines in cotton, hogs, and lambs. Due principally to a new low level in the fats and oils index, the food product group declined also. With lower prices in cotton offsetting a small increase in wool, the textiles index declined after remaining at the same level for two consecutive weeks. All other groups in the index remained unchanged from last week.

Although the all-commodity price index fell off during the week, price advances numbered 8 and declines 7; in the preceding week there were 4 advances and 6 declines; and in the second preceding week there were 9 advances and 5 declines.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 19 a summary for the week ended June 12 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended June 12, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	19,826
Number of Shares	577,286
Dollar Value	20,076,175
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	137
*Customers' other sales	19,931
Customers' total sales	20,068
Number of Shares:	
Customers' short sales	2,995
*Customers' other sales	528,743
Customers' total sales	531,738
Dollar Value	16,642,843
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	260
†Other sales	147,700
Total sales	147,960
Round-Lot Purchases by Dealers—	
Number of shares	175,000

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended June 12, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 471 mills reporting to the "National Lumber Trade Barometer" were 3.6% below production for the week ended June 12, 1943. In the same week new orders of these mills were 5.7% greater than production. Unfilled order files in the reporting mills amounted to 108% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 11.5%; orders by 15.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 32.7% greater; shipments were 32.8% greater, and orders were 54.9% greater.

Steel Industry To Assist In Moving Remote Scrap

Members of the steel industry are preparing to assist the War Production Board in putting into use accumulations of scrap in remote areas, Robert W. Wolcott, Chairman of the Committee on Scrap of the American Iron and Steel Institute announced on June 17.

Because of the high delivered cost of such scrap resulting from long freight hauls, it has in the past been difficult to move remote scrap to the market.

To help stimulate the scrap movement, one steel industry representative will be appointed in each district. These industry representatives will then serve as points of contact in expediting the movement of scrap which the Steel Division of the War Production Board may request to have go to the plants in their respective districts.

It is expected that this arrangement will keep scrap moving actively from all points of collection to the steel mills, Mr. Wolcott said.

Revenue Freight Car Loadings During Week Ended June 12, 1943 Increased 186,911 Cars

Loading of revenue freight for the week ended June 12, 1943, totaled 854,486 cars, the Association of American Railroads announced on June 17. This was an increase above the corresponding week of 1942 of 21,851 cars, or 2.6%, but a decrease below the same week in 1941 of 8,488 cars, on 1.0%.

Loading of revenue freight for the week of June 12 increased 186,911 cars, or 28.0% above the preceding week, which included a holiday.

Miscellaneous freight loading totaled 381,414 cars, an increase of 24,322 cars above the preceding week, and an increase of 5,600 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,763 cars, an increase of 7,830 cars above the preceding week, and an increase of 4,207 cars above the corresponding week in 1942.

Coal loading amounted to 170,513 cars, an increase of 129,236 cars above the preceding week, and an increase of 3,747 cars above the corresponding week in 1942.

Grain and grain products loading totaled 45,466 cars, an increase of 7,062 cars above the preceding week, and an increase of 10,782 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of June 12 totaled 30,925 cars, an increase of 6,021 cars above the preceding week and an increase of 8,084 cars above the corresponding week in 1942.

Live stock loading amounted to 12,891 cars, an increase of 785 cars above the preceding week, and an increase of 1,758 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of June 12 totaled 8,869 cars, a decrease of five cars below the preceding week, but an increase of 941 cars above the corresponding week in 1942.

Forest products loading totaled 44,298 cars, an increase of 2,610 cars above the preceding week but a decrease of 4,997 cars below the corresponding week in 1942.

Ore loading amounted to 87,347 cars, an increase of 12,692 cars above the preceding week and an increase of 1,062 cars above the corresponding week in 1942.

Coke loading amounted to 13,794 cars, an increase of 2,374 cars above the preceding week, but a decrease of 308 cars below the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942 except the Southern and Northwestern, and all districts reported increases over 1941 except the Eastern, Allegheny, Pocahontas and Southern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,703	4,170,548	4,160,060
Week of June 5	667,575	854,689	852,940
Week of June 12	854,486	832,635	862,974
Total	18,467,937	19,365,070	18,056,589

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 12, 1943. During this period 69 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 12

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1943	1942	1941	1943	1942
Ann Arbor	239	365	625	1,341	1,307
Bangor & Aroostook	875	1,173	1,269	275	248
Boston & Maine	6,092	5,984	9,087	13,067	14,723
Chicago, Indianapolis & Louisville	1,478	1,326	1,338	1,899	2,036
Central Indiana	33	23	19	35	69
Central Vermont	1,013	1,020	1,441	2,512	2,679
Delaware & Hudson	6,412	6,236	7,128	9,880	12,151
Delaware, Lackawanna & Western	7,569	8,063	10,621	11,363	9,634
Detroit & Mackinac	297	344	428	118	126
Detroit, Toledo & Ironton	1,749	1,835	3,168	1,302	1,134
Detroit & Toledo Shore Line	292	319	390	1,978	2,562
Erie	13,572	13,261	15,995	16,984	15,644
Grand Trunk Western	4,023	3,826	6,669	7,154	7,654
Lehigh & Hudson River	193	217	229	1,686	3,388
Lehigh & New England	2,067	1,767	2,402	1,042	2,068
Lehigh Valley	9,030	8,713	10,783	14,095	12,747
Maine Central	2,138	2,298	3,309	2,303	2,932
Monongahela	5,824	6,505	6,012	322	325
Montour	2,526	2,422	2,262	197	33
New York Central Lines	54,146	44,264	52,482	48,076	54,085
N. Y., N. H. & Hartford	10,203	9,534	12,592	16,508	19,513
New York, Ontario & Western	1,339	1,138	1,289	1,997	2,431
New York, Chicago & St. Louis	7,140	7,208	7,123	15,099	15,616
N. Y., Susquehanna & Western	535	499	433	1,533	1,570
Pittsburgh & Lake Erie	7,134	8,092	8,854	8,737	9,969
Pere Marquette	5,224	5,603	7,642	6,411	6,011
Pittsburg & Shawmut	1,072	792	733	25	37
Pittsburg, Shawmut & North	416	398	524	309	294
Pittsburgh & West Virginia	1,317	1,204	1,245	3,762	3,062
Rutland	336	364	545	896	953
Wabash	5,160	4,964	6,090	12,516	11,827
Wheeling & Lake Erie	5,827	5,253	5,437	4,636	4,595
Total	165,276	155,010	188,164	208,058	221,423
Allegheny District—					
Akron, Canton & Youngstown	875	608	769	997	1,048
Baltimore & Ohio	43,297	40,269	41,662	27,369	25,427
Bessemer & Lake Erie	7,026	6,919	6,359	1,714	2,681
Buffalo Creek & Gauley	302	297	224	4	3
Cambria & Indiana	1,500	2,069	2,036	6	11
Central R. R. of New Jersey	7,087	6,974	8,917	20,236	16,688
Cornwall	651	623	624	51	62
Cumberland & Pennsylvania	325	275	276	12	9
Ligonier Valley	195	112	99	51	45
Long Island	1,129	738	858	3,536	3,752
Penn-Reading Seashore Lines	1,750	1,604	1,801	2,916	2,411
Pennsylvania System	85,754	83,616	89,384	60,967	65,150
Reading Co.	14,145	14,127	18,569	23,595	27,210
Union (Pittsburgh)	18,830	21,151	19,232	7,842	8,278
Western Maryland	3,898	4,122	4,258	10,710	12,552
Total	186,764	183,504	195,068	160,006	165,327
Pocahontas District—					
Chesapeake & Ohio	29,804	29,069	29,246	10,928	13,865
Norfolk & Western	22,510	23,474	24,837	7,068	7,143
Virginian	4,930	4,559	4,930	2,133	2,151
Total	57,244	57,102	59,013	20,129	23,159

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Southern District—	1943	1942	1941	1943	1942
Alabama, Tennessee & Northern	294	339	316	261	349
Atl. & W. P.—W. R. R. of Ala.	582	707	769	2,603	2,585
Atlanta, Birmingham & Coast	721	749	708	1,247	1,095
Atlantic Coast Line	12,763	12,416	11,941	9,806	7,978
Central of Georgia	4,102	3,796	4,411	4,101	3,943
Charleston & Western Carolina	504	384	507	1,633	1,504
Clinchfield	1,618	1,762	1,667	2,495	2,748
Columbus & Greenville	307	300	403	120	186
Durham & Southern	99	136	198	640	1,043
Florida East Coast	2,112	763	515	1,894	758
Gainesville Midland	38	33	41	87	197
Georgia	1,147	1,214	1,156	2,947	2,674
Georgia & Florida	342	426	404	476	431
Gulf, Mobile & Ohio	3,523	4,224	3,853	4,262	3,966
Illinois Central System	27,766	26,245	22,198	18,467	16,016
Louisville & Nashville	24,469	26,946	26,835	11,845	9,454
Macon, Dublin & Savannah	141	142	183	803	733
Mississippi Central	196	207	167	478	531
Nashville, Chattanooga & St. L.	3,326	3,740	3,471	4,554	4,033
Norfolk Southern	1,183	1,880	1,292	1,433	1,840
Piedmont Northern	340	318	479	966	1,034
Richmond, Fred. & Potomac	358	500	415	11,519	9,977
Seaboard Air Line	11,288	10,186	10,976	6,836	7,812
Southern System	21,199	22,898	25,730	22,535	23,385
Tennessee Central	549	590	551	899	1,190
Winston-Salem Southbound	106	89	151	858	754
Total	119,079	120,990	119,343	113,771	106,276
Northwestern District—					
Chicago & North Western	19,428	20,966	21,883	11,705	12,111
Chicago Great Western	2,813	2,183	2,647	2,872	2,957
Chicago, Milw., St. P. & Pac.	20,405	17,865	21,577	9,928	9,568
Chicago, St. Paul, Minn. & Omaha	3,179	3,219	3,918	3,384	3,249
Duluth, Missabe & Iron Range	27,457	28,603	22,181	340	429
Duluth, South Shore & Atlantic	1,222	1,364	1,266	727	491
Elgin, Joliet & Eastern	8,525	9,742	10,358	9,044	10,012
Ft. Dodge, Des Moines & South	432	550	550	101	119
Great Northern	25,390	24,792	22,588	6,289	4,800
Green Bay & Western	443	535	619	925	846
Lake Superior & Ishpeming	3,093	3,409	2,930	31	31
Minneapolis & St. Louis	1,928	1,934	1,810	1,995	2,112
Minn., St. Paul & S. S. M.	6,954	7,524	7,450	2,802	3,321
Spokane International	10,429	10,427	9,297	5,423	5,068
Northern Pacific	97	232	358	522	452
Spokane, Portland & Seattle	2,518	2,500	2,631	4,035	2,951
Total	134,313	135,845	132,063	60,123	58,518
Central Western District—					
Atch., Top. & Santa Fe System	23,601	23,027	22,316	11,870	10,632
Alton	2,936	3,193	3,645	4,059	4,045
Bingham & Garfield	454	704	633	65	114
Chicago, Burlington & Quincy	17,416	15,650	15,945	11,282	10,318
Chicago & Illinois Midland	3,143	2,221	2,583	617	831
Chicago, Rock Island & Pacific	11,958	11,771	12,516	12,235	10,836
Chicago & Eastern Illinois	2,575	1,846	2,786	5,976	3,650
Colorado & Southern	768	792	594	2,047	1,773
Denver & Rio Grande Western	3,130	3,038	2,329	6,077	4,661
Denver & Salt Lake	715	568	264	22	19
Fort Worth & Denver City	1,065	1,149	1,053	1,958	1,052
Illinois Terminal	1,543	1,685	1,897	1,807	2,374
Missouri-Illinois	968	1,262	1,127	343	455
Nevada Northern	1,923	2,011	1,962	75	133
North Western Pacific	1,148	1,022	934	665	488
Peoria & Pekin Union	7	7	12	0	0
Southern Pacific (Pacific)	32,765	29,248	29,776	13,784	9,684
Toledo, Peoria & Western	295	225	321	1,624	1,378
Union Pacific System	12,736	12,680	14,101	17,322	12,485
Utah	519	576	220	3	6
Western Pacific	2,008	2,191	1,705	3,808	3,465
Total	121,678	114,866	116,719	95,639	78,409
Southwestern District—					
Burlington-Rock Island	1,077	262	183	259	166
Gulf Coast Lines	5,474	4,332	2,898	2,527	2,347
International-Great Northern	2,320	2,649	2,131	3,479	2,598
Kansas, Oklahoma & Gulf	231	281	176	896	1,308
Kansas City Southern	5,362	5,033	2,293	2,809	2,840
Louisiana & Arkansas	3,625	4,586	2,127	3,191	2,343
Litchfield & Madison	400	384	306	1,245	1,058
Midland Valley	587	619	410	267	250
Missouri & Arkansas	167	115	187	434	275
Missouri-Kansas-Texas Lines	6,068	4,937	4,130	5,933	4,148
Missouri Pacific	15,641	16,064	15,117	17,817	17,606
Quanah Acme & Pacific	78	77	5	127	177
St. Louis-San Francisco	7,890	9,112	7,999	9,759	6,966
St. Louis Southwestern	3,469	2,847	2,821	7,272	6,505
Texas & New Orleans	13,329	9,682	7,634	5,186	4,558
Texas & Pacific	4,293	4,193	4,002	7,755	6,996
Wichita Falls & Southern	98	115	165	30	33
Weatherford M. W. & N. W.	23	30	20	12	23
Total	70,132	65,318	52,604	68,998	60,197

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

May Living Cost Up 0.2%

Living costs of wage-earners and lower-salaried clerical workers in the United States continued their upward movement, but at a reduced rate, with a rise of 0.2% in May, according to the National Industrial Conference Board. The Board's cost-of-living index has been revised to take into account the realignment of purchasing habits resulting from rationing and war shortages.

The Board's announcement, made available May 18, also said:

"Food prices again rose, this time 0.3% over April. Fuel and light was 0.1% higher, and sundries advanced 0.2%. Housing remained unchanged while clothing declined 0.1%.

"The Board's index of the cost of living (1923 = 100) stood at 104.2 in May as compared with 104.0 in April and 97.3 in May, 1942.

"The level of living costs was 7.1% higher than that of a year ago. Food showed the greatest advance over May, 1942, with an increase of 17%. Other advances during the 12 months were: Sundries 2.3%, and fuel and light 2.9%. Housing declined 0.3% and clothing 0.1%.

"The purchasing value of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 96.2 cents in April, declined to 96.0 cents in May. It stood at 102.8 in May, 1942."

Shoe Rationing Effects

A definite trend toward "the more serviceable type of shoe—a moderate swing to higher-priced footwear—a decline in volume involving the lower-price brackets—these are some of the outstanding features of a survey by the Merchandising Division of the National Retail Dry Goods Association, made known June 16.

In making known these findings, which represent the summarized answers to a questionnaire sent to stores in every section of the country, T. L. Blanke, NRDGA's Merchandising Division Manager, points out that there is a pronounced trend "toward the sale of better shoes in department stores," this increase being particularly noticeable in the "upstairs department." Other striking points in Mr. Blanke's report are:

"Typical sales gains at the various price ranges ran from 10% in \$4 shoes, for both upstairs and basement departments, to 15% for shoes selling at \$6 and \$7, and 25% to 40% for footwear at \$7 and over.

"All stores report expanding sales of women's walking shoes, 75% of reporting stores indicating a sharp increase in demand for this type of footwear. The great number of women in war industries is responsible for some of these gains. These women want shoes with sturdy welts and low heels.

"Despite this 'practical' demand, women who have always worn high fashioned shoes still want beautiful, dressy footwear. An appreciable change in demand by types of rationed shoes was felt by slightly more than half the stores surveyed."

Turnbull N. Y. WPB Head

The appointment of Phillip R. Turnbull as New York Regional Director of the War Production Board to succeed John P. Maguire was announced in New York on June 17.

Mr. Maguire resigned in order to assume active management of the affairs of John P. Maguire & Co., Inc., of which he is President. However, he will continue with the New York regional office as a part-time consultant.

Mr. Turnbull, who is President of Rogers Peet Co., has been serving on a dollar-a-year basis as a Regional Consultant to the WPB since September, 1942.

Items About Banks, Trust Companies

Curtis J. Beard, who retired as Vice President of the Empire City Savings Bank on April 30 of this year after 20 years of service, has resigned as Trustee because of taking up residence in the vicinity of his boyhood home near Elmira, N. Y. Charles Diehl, Executive Vice President of the Bank, has been elected to the Board to fill the vacancy. Mr. Diehl entered the Empire City Savings Bank as Vice President and Treasurer in January 1937, after more than 28 years in the commercial banking field. He was elected Executive Vice-President in November 1942.

A quarterly dividend at the rate of 2% per annum has been declared by the trustees of New York Savings Bank of New York for the quarter ending June 30, 1943. Interest is payable from day of deposit.

Michael C. O'Brien was elected a Trustee of the Kings County Trust Company of Brooklyn at a meeting of the Board of Trustees on June 15. Mr. O'Brien is a Trustee of the Lincoln Savings Bank of Brooklyn, also President and Director of M. C. O'Brien, Inc. Real Estate. Mr. O'Brien is a member of the Board of Roman Catholic Orphan Asylum Society, Advisory Board of Catholic Charities, Treasurer and Trustee of Brooklyn Law School and a member of the Board of Brooklyn Bureau of Charities.

Stockholders of the Security Trust Co., Rochester, N. Y., at a meeting to be held July 14, will be asked to vote on a proposal to split the common stock of the bank on the basis of eight new shares for each one outstanding. At the same time they will be asked to approve the payment of the last of the RFC-held debentures in the amount of $200,000.

In reporting this, the Rochester "Times-Union" of June 17 also said:

Under the proposal, the capital stock of the bank will be increased from $600,000 to $1,200,000, while par value of each share will be reduced from $100 to $25. Upon the basis of present over-the counter market proposals it is expected the new stock will be quoted on the basis of $50 bid, with no stock offered.

Under the proposed new capitalization plans, Bernard E. Finucane, President, says the bank would transfer $600,000 from undivided profits to capital, and $200,000 will be transferred from undivided profits to surplus.

This marks the second stock splitup of the company within the last two years, a 2-for-1 exchange having become effective in 1941 when the outstanding shares were increased from 3,000 to 6,000. The company has been paying a dividend of $15 a share annually under the current setup.

Kelley Graham, President of the First National Bank of Jersey City, has announced the following appointments:

Lloyd Clarkson, formerly Assistant Cashier, to the office of Assistant Vice-President.

Arthur C. Stout, formerly Assistant Cashier, to the office of Assistant Vice-President.

Stephen M. Ward to the office of Assistant Cashier; Theodore R. Thomas to the office of Assistant Cashier.

The following new appointments in the official staff of the Tradesmens National Bank & Trust Co. of Philadelphia, were announced on June 19 by Howard E. Deily, Vice-President and Cashier:

A. F. Hauck, formerly Assistant Cashier, has been appointed Assistant Vice-President. He will be in charge of the Foreign Exchange Department.

Fred Stocker, formerly Foreign Exchange Clerk, has been appointed Assistant Cashier.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced June 16 that the Chardon Savings Bank Co., Chardon, Ohio, had been admitted to membership and is now operating as a member bank of the Federal Reserve System.

The directors of the bank are: C. L. Smith (President), R. C. Pease (Vice-President), W. A. Breckbill (Cashier), C. W. Canfield and F. R. Zethmayr. Officers who are not directors are Ward McDonald and C. N. Quirk, Assistant Cashiers.

John G. Lonsdale, St. Louis banker and former head of the American Bankers Association, died on June 16 in a Hot Springs (Ark.) hospital. He was 71 years old. Mr. Lonsdale had retired in 1937 as Chairman of the Board of the Mercantile-Commerce Bank and Trust Co., St. Louis, in order to devote his full time to his duties as co-trustee of the St. Louis-San Francisco Railway. His association with the Mercantile-Commerce Bank and its predecessor, the National Bank of Commerce in St. Louis, had dated from 1915. A native of Memphis, Mr. Lonsdale began his career in the real estate business and later formed J. G. Lonsdale & Co., stock brokers with offices in New York City and Hot Springs.

He helped to organize the Little Rock, Hot Springs & Texas RR., and when later appointed receiver of the railroad, reorganized it as the Little Rock & Hot Springs Western RR. Later he was a member of the brokerage firm of Logan & Bryan of New York. In 1915 he became President of the National Bank of Commerce. He was a former President of the St. Louis Clearing House Association.

ABA Membership Reaches New High

Membership in the American Bankers Association has now reached the highest percentage in the history of the Association, it is announced by George W. Heiser, Chairman of the ABA's Organization Committee, who is Vice President of the Manufacturers Trust Co., New York City.

During the month of May, Mr. Heiser reported, 52 banks joined the Association, bringing the total membership to 14,514, or 89.3% of all banks throughout the country, a percentage hitherto unsurpassed. In addition to the new members, five former members of the Association requested reinstatement and were restored to the membership rolls. ABA membership in Louisiana has again reached 100%, Mr. Heiser announced.

Predicts Food Shortage

The total food production of the United States will probably be 15% to 30% under 1942's record output, it was predicted on June 16 by Senator Aiken (Rep., Vt.).

In an address before the Dairymen's League Cooperative Association food forum in New York City, Senator Aiken also said that the nation would suffer acute shortages of meats and dairy products this year. "We may look forward to enough of one kind of food or another to carry us through until next spring, but it will not be the kind of food people want," he said. "Before that time all our existing surplus of grain will have been used. The bottom of every normal granary will be scraped clean."

Hecht Cites "Unitas" and "Bancors" As Among Problems To Spur Bankers To New Studies

Referring to "Unitas" and "Bancors" as examples of new problems claiming the attention of bankers, Rudolf S. Hecht, Chairman of the Board of the Hibernia National Bank in New Orleans, in his address on June 10 at the Wartime Conference of the American Institute of Banking at Chicago, had the following to say:

"The experience of my generation of bankers has convinced me that the science of banking is constantly undergoing changes, and that, study as you will, you can never quite finish your banking education. Just when you may think you have completely mastered the technique of present day bank operations there develops a battle between the "Unitas" and the "Bancor," two new monetary units to be found only in the headlines of the newspapers, but not at all in any of the reference books on banking usage. There is no way for you to form any opinion whether you prefer our Treasury Department's "Unitas" or Lord Keynes' British "Bancor" without starting from scratch and studying both plans which have been suggested as a suitable solution of stabilizing the world's currencies after the war. I mention the "Unitas" and the "Bancor" merely as a typical example of the new problems that will develop constantly and spur you on to new studies and challenge you to rise to new heights of endeavor. Do not fail us in keeping your educational efforts always abreast of the times, for we have come to look upon you as the real bulwark of our nation's banking economy, and we expect you to furnish the future national leadership which bankers rightfully should assume in the post-war world. Our hope is that you will so conduct yourselves that instead of being accused, as the banking fraternity so often has been in the past, of being responsible for starting wars, we may in future earn and deserve the reputation of being responsible for keeping the peace.

R. S. Hecht

Previous mention of some of the remarks of Mr. Hecht appeared in our issue of June 17, page 2285.

Small Loans Ruling Reversed On Appeal

The Appellate Division on May 28 unanimously reversed a New York State Supreme Court decision invalidating a loan made by the Household Finance Corp. upon technical grounds that the statement given to the borrower did not comply with the requirements of the State banking laws, according to Associated Press.

These advices as given in the "Wall Street Journal" further said:

A brief filed by attorneys for the corporation maintained that the lower court judgment "not only forfeits all similar loans by Household and other licensed lenders, but renders these companies and their officers guilty of a misdemeanor."

The attorneys said that upholding of the Supreme Court ruling might have "widespread consequences throughout the United States" and might "seriously impair the operations of licensed lenders who have in good faith attempted to comply with statutory requirements."

The Appellate Division ruled that the statement given to the plaintiff "was sufficient to comply with the statute."

The action was originally brought by Thomas and Regina Rimpotti of Brooklyn to cancel a $250 loan obtained by them July 25, 1942, and upon which they had made no payment.

Treasury Is Seeking More Bond Sales Through Pay-Roll Plan

The Treasury Department announced on May 31 that a new campaign will get under way June 15 to increase the sale of war bonds through pay-roll deductions.

Individual quotas will be fixed for the first time for each of the 180,000 firms in the nation in which pay-roll savings plans are now operating and in no case will the established quota be less than 10% of the gross pay roll, the announcement said.

With the slogan "Figure It Out for Yourself," workers will be asked to estimate the maximum amount of bonds they can purchase.

In Associated Press advices, the following was also reported:

The Treasury said its surveys indicate that one out of every two workers is a member of a family in which two or more members are wage earners.

Treasury officials said that wages, salaries and other income are now pouring into the pockets of the American people at an annual rate of $140,000,000,000, a rate 20% above that of a year ago.

In the first quarter of this year, the Department said, Americans received $23,285,000,000 from their employers, a third more than the total for January, February and March of 1942 and double the amount for the corresponding period in 1939.

NY War Finance Group Named By Burgess

Membership of the newly organized War Finance Committee of New York State was announced on June 16 by W. Randolph Burgess, Vice-Chairman of the Board of the National City Bank and Chairman of the War Finance Committee. The Commitee consists of some 50 heads of business, labor, banking, women's interests and other groups. The formation of the new committee was announced last week by Treasury Secretary Henry Morgenthau, Jr., as the single agency, formed by unification of the War Savings Staff and Victory Fund Committee for the sale of war bonds to the general public.

Bayard F. Pope, Chairman of the Marine Midland Corporation, is Vice- Chairman of the Committee, and Nevil Ford, Vice-President of the First Boston Corporation, is administrative head of the bond-selling organization in the position of Executive Manager.

The full committee held its first meeting on June 17 at the War Finance Committee headquarters in New York City. Mr. Burgess said that the first order of business was consideration of the general methods of organization and plans for the Third War Loan which will be launched throughout the nation on Sept. 9.

The membership, besides Messrs. Burgess, Pope and Ford, as announced by Mr. Burgess, follows:

Winthrop W. Aldrich, Chairman of the Board, Chase National Bank of New York; Mrs. Courtland D. Barnes, New York City; Bruce Barton, Batten, Barton, Durstine & Osborn; Eugene R. Black, (ex-officio) Director, Banking & Investment Division, War Finance Committee; John A. Brown, President, Socony-Vacuum Corp.; Henry Bruere, President, Bowery Savings Bank; Samuel Capen, President, Buffalo University; Frank S. Columbus, State Legislative Representative, Brotherhood of Enginemen and Firemen; Mrs. Edward H. Cumpston, Rochester; John W. Davis, Davis, Polk, Wardwell, Gardiner & Reed; Clarence Dillon, Dillon Read & Co.; Frederick C. Ecker, President, Metropolitan Life Insurance Co.; Guy Emerson, Vice-President, Bankers Trust Co.; Leon Fraser, President, First National Bank of New York; E. Chester Gersten, President, The Public National Bank & Trust Co. of New York; Dr. Arthur K. Getman, New York State Department of Education; Walter S. Gifford, President, American Telephone & Telegraph Co.; Perry E. Hall, Morgan Stanley & Co.; Thomas J. Hargrave, President, Eastman Kodak Co.; Lewis G. Harriman, President, Manufacturers & Traders Trust Co., Buffalo; George L. Harrison, President, New York Life Insurance Co.; Henry H. Heimann, Executive Manager, National Association of Credit Men; Mrs. Charles Heming, New York City; William M. Holmes, President, Bonwit Teller & Co.; Mrs. Lytle Hull, New York City; John Price Jones, President, John Price Jones Corp.; Arthur Kudner, President, Arthur Kudner, Inc.; Russell C. Leffingwell, J. P. Morgan & Co.; Edward H. Letchworth, Kenefick, Cook, Mitchell, Bass & Letchworth; Samuel Lewisohn, New York City; Edwin P. Maynard, Chairman of the Board, Brooklyn Trust Co.; Robert E. McConnell, President, General Aniline & Film Co.; Thomas A. Murray, President, New York State Federation of Labor; Dr. William I. Myers, New York State College of Agriculture, Cornell University; Thomas I. Parkinson, President, Equitable Life Assurance Society; Richard C. Patterson, Jr., Vice-Chairman of the Board, RKO Corp.; Lewis E. Pierson, New York City; William C. Potter, Chairman, Executive Committee, Guaranty Trust Co. of New York; Samuel W. Reyburn, Associated Dry Goods Corp.; Miss Rose Schneiderman, Secretary, New York State Department of Labor; Emil Schram, President, New York Stock Exchange; Alfred E. Smith, New York City; Allan Sproul, President, Federal Reserve Bank of New York; John P. Stevens, Jr., President, J. P. Stevens & Co., Inc.; Gustave Strebel, President, N. Y. State Industrial Union of CIO; Harold B. Thomas, Vice-President, Sterling Drug, Inc.; Dr. Channing H. Tobias, National Council, Young Men's Christian Association; John C. Traphagen, President, Bank of New York; Owen D. Young, Chairman of the Board, General Electric Co.

Makes New Payment For Lend-Lease Supplies

General Henri Honore Giraud, French Commander in Chief in North Africa, has made a second payment of $10,000,000 for civilian supplies sent to French North Africa, it was announced on June 2 by Edward R. Stettinius, Jr., Lend-Lease Administrator. The initial check was for $15,000,000 as was noted in our issue of June 3, page 2093.

In Associated Press Washington advices it was stated:

"Lend-Lease has sent civilian supplies such as medicine, food and clothing valued at $35,000,000 to French North Africa. Raw materials have been shipped from French North Africa to Britain and United States.

"General Giraud is the only lend-lease customer making cash payments."